

LONGREACH GROUP LIMITED
ABN: 33 089 447 058
HALF YEAR ENDED 31 DECEMBER 2008

APPENDIX 4D
RESULTS FOR ANNOUNCEMENT TO THE MARKET
(Comparative figures being the half year ended 31 December 2007)

				\$A
Revenues from continuing operations	up	23.1%	to	5,807,954
Profit/(Loss) after tax from continuing operations	up	125%	to	515,378
Profit/(Loss) attributable to members for the period	down	57%	to	515,378

Dividends/distributions	Amount per security	Franked Amount per security
Final dividend (prior year - paid)	Nil	Nil
Interim Dividend (declared)	Nil	Nil
Record date for determining entitlements to dividends.	No dividends are proposed by the Directors' for the period ended 31 December 2008.	

<u>NTA backing</u>	Half-year ended 31 Dec 2008	Half-year ended 31 Dec 2007
Net tangible asset backing per ordinary share (cents)	3.77	(1.591)

Controlled entities acquired or disposed off

During the half-year ended 31 December 2008 no entities were acquired or disposed of.

The company received the final payments associated with the sale of ServicePoint Australia Pty Limited, which was completed during the 2008 financial year.

Details of shares and results in associates and joint venture entities

There are no associates and joint venture entities at the reporting date other than those consolidated in these financial statements.

Comments by Directors

Explanation of Revenue and Profit/(Loss) attributable to members for the period

Refer to "Review of Operations" in Directors Report attached.

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LongReach Group Limited
ABN: 57 010 597 672

Financial Statements

For the Half Year Ended 31 December 2008

LongReach Group Limited

ABN: 57 010 597 672

For the Half Year Ended 31 December 2008

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Financial Statements

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LongReach Group Limited
ABN: 57 010 597 672
Directors' Report
For the Half Year Ended 31 December 2008

Your directors submit their report for the half-year ended 31 December 2008.

Directors

The names of the directors in office at any time during, or since the end of, the period are:

L E Case	
C R Bernecker	(appointed 31/10/2008)
P B Harrison	(appointed 28/11/2008)
A R Farrar	(resigned as director 28/11/2008)
S P Wilks	(resigned as director 28/11/2008)

Company Secretary

Donald Millard, held the position of company secretary from beginning of the reporting period to 31 December 2008. Claire Whately was appointed commencing 31 December 2008.

Review of Operations

During the half-year the Group earned a profit after tax of \$515,378 (half year ended 31 December 2007 - profit of \$1,193,096 which included profit from discontinued operations of \$3,283,248). The results reflect an improved performance from the Company's operating subsidiary, C4i Pty Limited, and cost savings resulting from closing the Sydney head office and merging LongReach's corporate functions with those of C4i.

Revenue increased by 23% from \$4,716,292 to \$5,807,954. Other income totalling \$259,981 was also received as a result of favourable adjustment relating to the sale of ServicePoint Australia Pty Limited which occurred in the financial year ending 30 June 2008.

The Cash Flow Statement for the half year ended 31 December 2008 shows a negative cash flow for the period of \$2,309,692. The negative cash flow resulted primarily from repaying \$4.0 million in convertible notes in October, net of \$1.95 million raised by way of a rights issue in November 2008. As at 31 December 2008 the Company had a cash balance of \$4,176,841.

Dividends paid or declared

The Directors do not recommend payment of any dividends at this time and no dividend was paid during the period.

Events occurring after balance date

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.


LongReach Group Limited
ABN: 57 010 597 672
Directors' Report
For the Half Year Ended 31 December 2008

Auditors Independence Declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 3 for the period ended 31 December 2008.

Signed in accordance with a resolution of the Board of Directors:

Director: 
L E Case

Director: 
C R Bernecker

Dated this 25th day of February 2009

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LongReach Group Limited

ABN: 57 010 597 672

Auditors Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2008 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Lawler Partners

LAWLER PARTNERS
Chartered Accountants

Clayton Hickey

CLAYTON HICKEY
Partner

Sydney

25 February, 2009

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LongReach Group Limited

ABN: 57 010 597 672

Income Statement For the Half Year Ended 31 December 2008

		31 December 2008	31 December 2007
	Note	\$	\$
Revenue	2	5,807,954	4,716,292
Other income	2	259,981	-
Cost of goods sold		(2,236,954)	(1,771,322)
Employee benefits expense		(1,666,122)	(2,308,860)
Depreciation and amortisation expense		(434,998)	(533,927)
Impairment of intangible assets		-	(778,406)
Legal and Professional fees		(45,536)	(404,111)
Occupancy expenses		(211,778)	(162,648)
Insurance expense		(77,955)	(95,058)
Communications expense		(27,989)	(50,286)
Other expenses		(579,497)	(425,919)
Finance costs		(85,503)	(275,907)
Profit/(loss) before income tax		701,603	(2,090,152)
Income tax expense		(186,225)	-
Profit from continuing operations		515,378	(2,090,152)
Profit/(loss) from discontinued operations		-	3,283,248
Profit attributable to members		515,378	1,193,096
Earnings Per Share:			
Overall operations:			
Basic earnings per share (cents per share)		0.377	1.08
Diluted earnings per share (cents per share)		0.377	1.08
Continuing operations:			
Basic earnings per share (cents per share)		0.377	(1.89)
Diluted earnings per share (cents per share)		0.377	(1.89)
Discontinued operations:			
Basic earnings/(loss) per share (cents per share)		-	2.96
Dividends per share (cents)		-	(2.96)

LongReach Group Limited

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Balance Sheet 31 December 2008

	31 December 2008	30 June 2008
Note	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	4,176,841	6,494,336
Trade and other receivables	2,201,946	2,681,121
Inventories	1,478,306	2,029,416
Other current assets	41,522	1,366,318
Total current assets	7,898,615	12,571,191
Non-current assets		
Property, plant and equipment	215,767	104,552
Intangible assets	5,468,895	4,501,383
Deferred tax assets	539,022	492,933
Total non-current assets	6,223,684	5,098,868
TOTAL ASSETS	14,122,299	17,670,059
LIABILITIES		
Current liabilities		
Trade and other payables	897,342	3,923,045
Other financial liabilities	-	3,373,400
Current tax liabilities	155,886	155,886
Short-term provisions	658,470	464,940
Total current liabilities	1,711,698	7,917,271
Non-current liabilities		
Deferred tax liabilities	1,663,492	1,431,178
Other long-term provisions	117,085	149,161
Total non-current liabilities	1,780,577	1,580,339
TOTAL LIABILITIES	3,492,275	9,497,610
NET ASSETS	10,630,024	8,172,449
EQUITY		
Issued capital	34,774,032	32,824,032
Reserves	784,468	969,970
Accumulated losses	(24,928,476)	(25,621,553)
TOTAL EQUITY	10,630,024	8,172,449

LongReach Group Limited

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Statement of Changes in Equity For the Half Year Ended 31 December 2008

	Issued Capital	Accumulated Losses	Other Reserves	Total
	\$	\$	\$	\$
Balance at 1 July 2008	32,824,032	(25,621,553)	969,970	8,172,449
Shares issued during the year	1,950,000	-	-	1,950,000
Profit for the period	-	515,378	-	515,378
Transfers to and from reserves:	-	-	-	-
Convertible note reserve	-	177,699	(177,699)	-
Foreign currency translation	-	-	(7,803)	(7,803)
Balance at 31 December 2008	34,774,032	(24,928,476)	784,468	10,630,024
Balance 1 July 2007	32,254,219	(31,832,315)	907,300	1,329,204
Profit for the period	-	1,193,096	-	1,193,096
Cost of share-based payments	-	-	101,430	101,430
Balance at 31 December 2007	32,254,219	(30,639,219)	1,008,730	2,623,730

LongReach Group Limited

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Cash Flow Statement For the Half Year Ended 31 December 2008

	31 December 2008 \$	31 December 2007 \$
Cash from operating activities:		
Receipts from customers	6,382,152	11,932,932
Payments to suppliers and employees	(5,469,508)	(12,437,444)
Interest received	161,245	48,716
Finance cost paid	(356,052)	(287,692)
Net cash provided by (used in) operating activities	717,837	(743,488)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(151,522)	(150,375)
Development costs paid	(1,362,203)	(240,897)
Proceeds on sale of subsidiaries	577,164	-
Acquisition of subsidiaries and related business assets	-	(1,174,000)
Net cash provided by (used in) investing activities	(936,561)	(1,565,272)
Cash flows from financing activities:		
Proceeds from issue of shares	1,950,000	-
Proceeds from (repayment of) borrowings	(4,040,968)	44,239
Finance lease payments	-	(11,256)
Net cash provided by (used in) financing activities	(2,090,968)	32,983
Net increase (decreases) in cash held	(2,309,692)	(2,275,777)
Cash at beginning of financial year	6,494,336	3,612,629
Effect on exchange rates on cash holdings in foreign currencies	(7,803)	-
Cash at end of financial period	4,176,841	1,336,852

LongReach Group Limited

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Notes to the Financial Statements For the Half Year Ended 31 October 2008

Note 1 Statement of Significant Accounting Policies

(a) Basis of Preparation

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The half-year report does not include full disclosures of the type normally included in an annual financial report. It is recommended that this financial report be read in conjunction with the annual financial report for the entity ended 30 June 2008 and any public announcements made by LongReach Group Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Economic Entity's 2008 Annual Financial Report for the financial year ended 30 June 2008

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Note 2 Revenue

	31 December 2008	31 December 2007
	\$	\$
Sale of goods	4,658,356	4,680,649
Services revenue	699,544	-
Interest received	142,909	35,643
Realised foreign currency gains	120,923	-
Unrealised foreign currency gains	177,779	-
Other revenue	8,443	-
	<hr/>	<hr/>
	5,807,954	4,716,292
Other Income		
- Gain on sale of subsidiary	(a) 259,981	-

- (a) During the half year, the Company received final settlement on the sale of ServicePoint Australia Pty Limited. An independent accountant's review of the completion balance sheet resulted in a favourable adjustment to the Company. Full disclosure of the sale was made in the 2008 Financial Report.

LongReach Group Limited

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Notes to the Financial Statements For the Half Year Ended 31 October 2008

Note 3 Segment Reporting

Primary reporting - Geographical segments

	Australia	United States of America	Elimination	Consolidated
	December 31	December 31	December 31	December 31
	2008	2008	2008	2008
	\$'000	\$'000	\$'000	\$'000
REVENUE				
Revenue from external customers:				
Sales	4,120,784	537,572	-	4,658,356
Services	699,544	-	-	699,544
Other	450,054	-	-	450,054
Total revenue from external customers	5,270,382	537,572	-	5,807,954
Total revenue	5,270,382	537,572	-	5,807,954
RESULT				
Segment results	880,683	(365,305)	-	515,378

The half year ended 31 December 2008 is the first half-year in which its subsidiary C4i Incorporated has been operating in the US. As such no comparative figures are disclosed.

Business Segments:

The Group operates predominately in one industry sector, The Information and Communications Technology sector.

Note 4 Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting date.

Note 5 Events After the Balance Sheet Date

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

LongReach Group Limited

ABN: 57 010 597 672

Directors' Declaration

The directors of the Group declare that:

1. The financial statements and notes, as set out on pages 4 to 9:
 - (a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the Group's financial position as at 31 December 2008 and of its performance for the half-year ended on that date.
2. In the directors opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director



L E Case

Director



C R Bernecker

Dated: 25 February 2009

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LongReach Group Limited

ABN: 57 010 597 672

Independent Auditors' Review Report to the members of LongReach Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of LongReach Group Limited and controlled entities for the half year ended 31 December 2008 as set out on pages 4 to 10. The Group's directors are responsible for the financial report.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Group are responsible for the preparation and fair presentation of the half-year consolidated financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year consolidated financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year consolidated financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2140 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the consolidated financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's and controlled entities financial position as at 31 December 2008 and their performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001. As the auditor of LongReach Group Limited, ASRE 2140 requires that we comply with all ethical requirements relevant to the audit of the annual financial report.

A review of a half-year consolidated financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

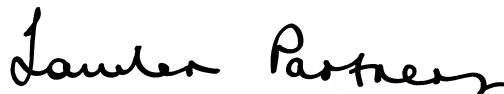
In conducting our audit, we followed the applicable independence requirements of Australian professional and ethical pronouncements and the Corporations Act 2001.

In accordance with ASIC Class order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration as set out in the financial report has not changed as at the date of providing our audit opinion.

Conclusion

Based on our review, which is not an audit, we have not become aware of a matter that makes us believe that the half-year consolidated financial report of LongReach Group Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's and controlled entities financial position as at 31 December 2008 and of their performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.



LAWLER PARTNERS
Chartered Accountants

Sydney

Date: 25 February 2009



CLAYTON HICKEY
Partner

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