



## Release to Australian Securities Exchange

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### 2009 Annual General Meeting Presentations

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**30 November 2009**

LongReach is pleased to release the Chairman's Address and Presentation that will be made to the Annual General Meeting today.

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*LongReach Group Limited (ASX Code: LRG) is a leading ASX-listed provider of integrated information and communications technology based products and services to the defence, security and intelligence sectors, as well as to government, telecommunications and corporate customers, both locally and internationally.*

*LongReach is currently focused on expanding its systems and support capability within these sectors.*

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Monday, 30 November 2009

Our reference: 1271A/017/09

**LongReach Group Limited  
Chairman's Address  
2009 Annual General Meeting**

Ladies and Gentlemen:

The 2009 financial year has been a watershed year for the LongReach Group. Not only did the Company generate a net profit after tax of \$1.4 million for the year, but perhaps more importantly over 80% of that profit was derived from continuing business operations rather than abnormal items or discontinued operations. This is the first year since 2004 that LongReach's results have not been dominated by abnormal and discontinued operations.

As disclosed in the Annual Report, the improved performance flowed primarily from the excellent performance of our operating subsidiary, C4i Pty Ltd, which achieved a record profit on a 44% increase in sales to \$13.7 million. This reflects well on our CEO, Peter Harrison, and the entire C4i team. LongReach's financial position has also improved significantly with shareholders funds increasing from \$8.2 million to \$11.6 million during the year. As at 30 June 2009 the LongReach Group had no interest-bearing debt and \$3.7 million in cash reserves. The current financial year has started well for C4i with both revenues and earnings for the four months to 31 October 2009 being ahead of budget.

As mentioned in the Annual Report we are currently looking at a number of initiatives to increase both the quantum and quality of our earnings, both in the C4i business unit and for LongReach as a listed entity. I will leave it to Peter Harrison to expand on his management team's plans to develop and grow the C4i business. I don't want to pre-empt his comments, so let me simply say that we see three avenues for achieving sustainable growth in LongReach's earnings and return on capital.

1. Organic growth. We believe that there is ample opportunity for the C4i business to grow organically from a \$15 million to a \$30 million p.a. turnover business over the next 3-4 years. As discussed in the Annual Report we are committed to spending the money in 2010 to build the business platform necessary to support this level of sales. There will be a short-term cost in terms of current year earnings, but in our opinion the long-term benefits warrant the expenditure.
2. Synergistic acquisitive growth. C4i is looking at possible bolt on acquisitions to accelerate earnings growth in areas that compliment the existing business.

3. Diversification growth. At the LongReach level we are looking at possible diversification investments. This may take the form of an acquisition of another business perhaps in an unrelated industry or even non-corporate investments. Part of the motivation here (besides the obvious objective of increasing earnings per share) is to broaden the earnings base of the Group, reduce the dependency on one business unit (C4i) and reduce the volatility of earnings.

In closing let me say that a final relevant factor is that we as a Group have significant accumulated tax losses, both of a revenue and capital nature, which should reduce our tax burden in the years to come. Our tax advisors are currently investigating the availability of the Group's past losses. The current thinking is that not all of the past losses will be available, but that a proportion of these losses will be available annually.

Finally from a corporate perspective, I would like to thank Claire Riquelme who have taken on the additional corporate role of Company Secretary and Vinay Soni for taking on all accounting functions of the group since we closed the Sydney office and transferred all "head office" functions to Melbourne. The transition has been seamless and the savings from integrating the corporate activities into C4i have been substantial.

I'll now ask Peter Harrison to provide a review and update of the C4i business, after which we will attend to the formal matters on the agenda.