



Release to Australian Securities Exchange

Understatement of prior years' tax expense

27 January 2010

We wish to advise that after a review by our tax agent it has been determined that the LongReach Group's provisions for tax for the 2008 and 2009 financial years were understated by \$421,000. The understatement arose as a result of the Group's inability to recoup as much of its past losses as previously anticipated. LongReach will take a charge to earnings for the amount of the shortfall in the six months to 31 December 2009 and as a consequence it is expected that net profit after tax for the first half of the current financial year will be approximately 40% lower than in the previous corresponding period.

For further information:

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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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