



**HLT LIMITED
(ASX: HLT)**

Chairman's Address

11 January 2007

Review

The 2005/6 financial year was a difficult one for the Company, and the Board acknowledges that the financial results were disappointing. However, much essential structural work and investment for the future was undertaken, and we are now positioned to better match future results with the Company's true potential, and our shareholders' expectations.

The Company has had an active year as it continues to pursue its consolidation of activities. We are now focussed on developing our mobile transact business and have during the year either reduced or disposed of entirely the Company's interests in many non-core activities and businesses.

For instance, the Company reduced its controlling interest in Telcogames Limited (UK) from a holding of 50.22% as at 30 June 2005 to 18.33% as at 30 June 2006. The Company has worked hard to complete this transaction and payment tranches have been received on schedule to date. The Company still expects to dispose of the majority of the balance of its holding in Telcogames and intends to retain a small holding in the Company by converting the balance of its loan to this company to equity.

Shareholders will recall that in April 2005, the Company acquired control of Chalmway Pty Ltd which is the holding company for the Sri Lankan Pay TV operations. The Chalmway business has been challenging partly due to the deteriorating security situation, and partly due to issues of managing the legal challenges and enforcements of the Company's rights. The Company's former CEO, James Scobie, who still has responsibility for the Sri Lankan business has spent the majority of the year in Sri Lanka, working in a difficult business environment, however, successfully running the Pay TV business with 100 staff and thousands of subscribers. The Company had entered into an agreement with a third party for the sale of this business around June 2006 but unfortunately this was abandoned due to a sudden and unexpected change in local regulations creating a very unstable environment.

We are reviewing our strategy with regards to the future plans for this business, and our current intention is to dispose of this business in an orderly manner, and if possible, to realise some benefit from the disposal.

As shareholders are aware, the planned listing of the Mobile Transact UK operations on the London AIM exchange through being acquired by Tom Hoskins PLC was also abandoned during the 2006

financial year. The delays in getting ready to market, and the inability to achieve the valuation that was the basis for the listing were the main contributing items to this decision.

The Company announced in August 2006 that it had terminated the distribution agreement with Mobile Automated Payments Pty Ltd in consideration for HLT ordinary shares and options, which then enabled HLT to establish the UK market in its own right. The major certifications that the Mobile Transact device requires to operate in the UK "Chip and Pin" market are now complete, and a full technical and commercial pilot is underway. Directors anticipate that this business will commence being deployed in the United Kingdom shortly.

Delays in this business, combined with the delays and challenges we experienced with the Sri Lankan pay-tv business, resulted in the Company not receiving expected revenues and in turn, having difficulty in satisfying its working capital requirements.

It was at this time that the Board felt it necessary to consider the alternatives that may be available to it to secure much needed further funding for the Company. The pre-existing relationship with Quadrant, from when Quadrant acquired the Company's Healthcare business 2 years previously, proved extremely valuable and in June 2006, Quadrant Iridium Limited became a substantial holder of the Company's securities. In July 2006 Quadrant Iridium Ltd provided a funding facility for up to \$4m to the Company. This was a convertible loan secured by a fixed and floating charge over the Company's business. This loan has enabled the Company to complete the introduction of and progress the launch the Mobile Transact EFTPOS business in the United Kingdom and other countries. In November 2006, the Company's shareholders at an EGM approved the conversion of \$2.95 million of the loan advanced to the Company by Quadrant into ordinary shares in the Company.

The primary advantage to the Company of the issue of these shares to Quadrant is that it enabled the Company to satisfy its obligation to repay its loan to Quadrant without using its limited cash resources. With the delays in key projects and expected cash inflows, the loan has been an integral part of the Company being able to continue its business operations.

Results

The Company reported a loss after tax of \$12,509,508 which is predominantly a reflection of write downs (\$9,375,859) and provisions for bad and doubtful debts (\$2,632,319). The write downs are associated with impairment of the value of intangible assets in accordance with the new AIFRS requirements and include \$6,857,625 for patents relating to biometric processes and \$1,173,355 relating to software and IP for biometric processes.

Your Directors acknowledge that the result is disappointing, but we believe that the restructuring that has occurred in the past eighteen months has significantly strengthened the Company's balance sheet and put it in a much better position to implement its business growth strategy both in Australia and overseas.

Board of Directors

The Board has been significantly restructured with the resignations of Barry Taylor (now deceased), Ivan Brookfield, Max Crofts, and Kevin Moran and the appointment of Mr. Adam Legg and Mr. Michael Boyd as non-executive Directors, and Mr. Wens Brinkman as our CEO and a Director.

Outlook

It is clear now that the Company's future depends on the development of its business. This will require further funding. This is expected to come from the unutilised part of the loan from Quadrant, the sale of the Sri-Lankan Pay-TV business and the balance of Telcogames, and a rights issue which we propose to undertake shortly.

The rights issue, at a price of 5.5 cents, will raise further working capital and to give all shareholders the opportunity to take up shares at the same price as Quadrant Iridium Limited was issued shares in conversion of its loan to the Company.

Our forward strategy continues to be the development and expansion of our mobile transact business. Directors believe that foundations are now in place for significantly improved results in 2006/7 and beyond. We now have a new CEO and management, a new board of directors, financial support from our largest shareholder, Quadrant Iridium Limited, and a new focussed direction. I will now hand over to our new CEO, Mr. Wens Brinkman for a further operational update on the Company.