ALLIED TECHNOLOGIES GROUP LIMITED
ANNUAL GENERAL MEETING 18 JANUARY 2007

Allied Technologies Group

CHAIRMAN'S ADDRESS

Good Morning Ladies & Gentlemen,

I would like to review the major developments within Allied Technologies Group Limited during the 2006 financial year and provide some insight into the activities during the current year.

I will then move to the formal business of the meeting after which I will ask Michael Addison, our Chief Executive Officer and the Chairman of Allied until the merger with LongReach Group Limited, to comment in greater detail on the Company's performance, strategy and operations.

During the 2006 year the group was principally involved in the design, integration, installation and maintenance of communications networks principally for the delivery of secure voice, data, video and web based communications services and solutions to Federal and State Government departments and to prominent corporate clients across Australia.

The 2006 year saw a return to profitability and the rebuilding of the Company's balance sheet, resulting in the establishment of a stable platform from which to execute the Group's strategy.

For the financial period ended 30 June 2006, the Group generated revenues of $31,546,143 (2005: $34,105,435) and reported a consolidated net profit after taxation of $380,527 (2005: loss $5,715,688).

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The Group's continuing operations generated increased revenues of $11,875,805 (2005: $8,943,464) and achieved a consolidated net profit after taxation of $709,386 (2005: loss of $1,117,194).

For a better appreciation of the actual operating performance of the Group over the financial period and its continuing operations going forward, it should be noted the positive consolidated EBITDA of $896,983 generated during the period includes:

- an EBITDA gain of $1,622,179 made on the sale of the Company's entire equity interest in TUSC Computer Systems Pty Limited on 24 November 2005;

- an EBITDA gain of $11,711 from the operations of TUSC Computer Services Pty Limited to the date of sale; and,

- an EBITDA loss of $1,508,480 recorded against discontinued operations associated with the Group's cabling infrastructure division, which was disposed of with effect from 1 July 2006 for a cash consideration of $2.25million.

After adjusting for the above three items, the Group recorded a positive consolidated EBITDA of $771,573 for its continuing operations for the financial year ended 30 June 2006.

In November 2005 the Company sold TUSC to Ericsson Australia Pty Limited for a cash consideration of $9.5million. The board considered this to be an excellent outcome, and a major contributing factor in the rebuilding of the Group balance sheet following prior year losses.

On July 3, 2006 the Group completed the sale of the loss-making cabling infrastructure business to KLM Group Limited resulting in a

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further strengthening of the Group to exploit its growth strategy in the defence and security sectors.

During the course of the financial year the Allied Group's continuing operations performed better than expected, with its ServicePoint division almost doubling prior year revenues to approximately $6.2million over the period. ServicePoint continues to grow, principally into the defence and federal government sectors, and remains core to Allied's strategy going forward.

Headquartered in Canberra, but with the majority of its employees located on defence bases across Australia, Allied's facilities management business (AGPL) continues to be engaged in the maintenance, performance and security management of the cabling and related hardware and software infrastructure integral to the Defence Department's voice network.

In the ongoing pursuit of its refreshed strategy, and in recognition of its lack of critical mass as an ASX listed company, on 7 June 2006 Allied announced that it had reached agreement with LongReach Group Limited on the terms of a merger between the two companies.

LongReach Group owns, develops and markets intelligent switches to a range of domestic and international customers comprising telecommunications carriers, defence organizations, governments and enterprise. Its products are internationally renowned and have a significant installed base both in Australia and overseas. LongReach has a long standing supplier relationship with Ericsson in telecommunications around the world.

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LongReach also owns a significant interest in Startronics, which is one of the largest diversified electronic manufacture and repair businesses in Australia.

Both Allied and LongReach have long standing relationships with the Department of Defence and the intelligence community and consider that the merged entity provides the company with a strong platform for future growth. It is anticipated that future growth will come mainly through a series of "quality" acquisitions.

The merger with LongReach Group Limited was implemented by way of a scheme of arrangement, under the terms of which, Allied acquired all of the issued shares in LongReach through the issue of 1 new Allied share for every 3 LongReach shares held by LongReach shareholders.

LongReach option holders received 1 new Allied option for every 3 LongReach options held, with a corresponding inverse proportional adjustment to the respective option exercise prices. LongReach convertible note holders received an equivalent aggregate value of convertible notes in Allied, with the new Allied notes being convertible at the equivalent rate of 36.0 cents per Allied share.

The merger between the two companies was completed on 21 November 2006.

During the year the Company has seen a number of changes at Board level:

(i) on April 11,2006 Mr. Ray Doak resigned as a non-executive director;

(ii) on April 11,2006 Mr. Willy Masson was appointed as an executive director;

(iii) on July 24, 2006 Mr. Andrew Berriman resigned as an executive director to concentrate on his position as CEO of Servicepoint;

(iv) on July 24, 2006 Mr. Alan Moore was appointed as a non-executive director;

(v) on November 22, 2006 Mr. Stephe Wilks and I were appointed as non-executive directors and Mr. Ken Carr was appointed as an executive director following the merger with LongReach Group Limited.

The local and global defence and security markets are currently undergoing significant growth, and look set to do so for the foreseeable future. Furthermore, the Federal Government has recently announced a clearly articulated policy to support and enhance local SME defence capability, partly in the protection of Australia's sovereign interests.

Allied has the capacity to build on its status as a reliable and trusted supplier to the Australian Department of Defence and Homeland Security organizations, together with a capacity to develop closer relationships with the prime global defence contractors operating within Australia and overseas. Significant prospects currently exist in Australia for growth by acquisition. In the medium term Allied also stands to benefit from relatively untapped export sales opportunities.

In pursuit of the Company's strategy on 13 December 2006 the company announced the acquisition of Redflex Communications Systems Pty Limited and its wholly-owned subsidiaries Redflex

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Communications Pty Limited and Redflex Communication Systems Inc. which is based in USA.

Redflex Communications Systems is an experienced turnkey systems supplier, integrator and maintainer of communications, command and control systems for defence and civil customers around the world.

This acquisition is in keeping with Allied's strategic focus to become a leading ASX-listed supplier of integrated ICT products and services to the defence, security and intelligence sectors, both locally and globally. The Board considers that the recognised status of RCS as a trusted defence supplier in the USA and other international markets will provide us with a capability to fast-track the group's offshore sales aspirations.

In addition, local product recognition amongst blue-chip customers such as the Department of Defence and other State and Federal Government Departments will serve to build on the already established position that Allied Technologies commands in the local market.

The acquisition purchase consideration, which is payable in cash, is based on an adjusted multiple of the earnings of RCS over the 2005, 2006 and 2007 financial years. An initial amount of $4 million was paid to the vendor on completion of the acquisition. The balance of the purchase consideration being based on the adjusted earnings of RCS to 30 June 2007 with this amount being payable by 14 September 2007.

More recently, Allied has been offered the opportunity to participate in an amount of up to $3.4million in an equity call in relation to its minority investment in Startronics. The Board is favourably considering taking

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up the Company's rights - to assist the further strengthening and growth of Startronics. The proposed equity injection will allow the joint venture to maintain an appropriate capital structure in the course of taking on both significant customer opportunities and other inorganic growth opportunities should they arise. The Board continues to work with our joint investors in Startronics to develop and strengthen the joint venture while seeking to realise the value of that investment at the appropriate time.

Finally, your company continues to seek opportunities to put in place funding to implement our publicly stated growth objectives. We are currently pursuing a number of opportunities, and will revert to shareholders once we are in a position to provide you with a detailed proposition to help take your company forward.

Shareholders in today's meeting are requested to consider a number of important resolutions in terms of the Company's future management and I ask that these resolutions be carefully and properly considered in the best interests of the Company.

I encourage shareholders to continue to support the management of the company in the significant challenges which lie ahead.

Thank you, Ladies & Gentlemen.

Allan Farrar

Chairman

18th January 2007