

Sydney: 26th February, 2009

HALF-YEAR RESULTS

FOR IMMEDIATE RELEASE

Secure electronic transaction solutions provider Keycorp Limited (ASX: KYC) today reports strong growth, reduced costs and, in line with previous guidance, a return to profit.

With the finalisation of the sale of the company's Smartcard business to Gemalto, including the expiry of all contractual warranties on sale, Keycorp has approximately \$14m+ in cash, (equivalent to 17c+ per share). Keycorp is pleased to announce that the continuing business in Services and Software made a normalized profit in the first half of FY09 of \$1.95m on revenues of \$20.27m. This, despite the Global Financial crisis, is the first "half year profit" for several years, a direct result of the successful implementation of a two year recovery strategy.

"We are now in a solid position moving forward with a profitable business and significant cash reserves to expand our business" said Dr Ken Carr, CEO. "The year Ending 30 June 2007 saw group losses of \$14m and debt of \$12.5m. At the end of FY08 we essentially broke even, and we can now reconfirm our outlook for FY09 will be at the upper end of previous guidance of between \$6-8m earnings with increased revenues and margins in continuing businesses. Our customer base is strong, with long term contracts in place and with a growing pipeline of potential business."

Margins have improved through tight control of costs and inventory management. Significant cost reductions in the area of Customer help desk services, improved workflow and more efficient staff planning, provided a significant increase in productivity.

In the second half of FY09, already commenced, we are continuing to realign and reduce our corporate costs. This will involve some further restructure of the business including a reduction in Human Resources, and a move of the Finance function to Melbourne. Keycorp in Sydney will be moving to smaller premises and will retain the sales, support and software functions. Staff cost reductions are more than \$750k per annum so far, and property cost reduction will be



over \$1.4m per year. In addition, significant cost savings on IT are envisaged as we restructure it to better reflect the size and type of business.

Carr made great praise of the Head Office staff. "We embarked on a divestment strategy at the very beginning of the financial year. Keycorp staff have worked diligently and without complaint, accepting the potential impact on them personally. I recognize and applaud their efforts"

Capital management programs are being considered later in the second half along with other options for growing the business.

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About Keycorp

Keycorp Limited (ASX: KYC) is a leading Australian provider of secure electronic transactions solutions with a focus on point-of-sale transaction systems to managed services.

For further information see: <http://www.keycorp.net> or contact:

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