



ABN 73 122 948 805

## **ISLAND SKY AGM – JULY 22 2011 – CHAIRMAN’S ADDRESS**

In my Chairman’s Report in the Annual Report for the year ended 31<sup>st</sup> December 2010 I referred to the challenges in the operating business and the need for further capital if the US management’s views of an improvement in sales during the next twelve months come to fruition.

I also mentioned that we have commenced discussions with investors interested in our US subsidiary company. If we sell down our interest in Island Sky Inc. to a party prepared to put in further working capital that will save the raising of further substantial funds in your company.

Accordingly, since sending out the notice of Annual General Meeting the Company commenced a Rights Issue, which closes today, to raise a more modest sum of \$714,255. We have now received two expressions of interest in relation to our shareholding in Island Sky Inc and have commenced more detailed negotiations with one of these parties which would see our investment reduced. Island Sky Australia Limited intends to retain an interest in the US business, but allow any party prepared to purchase the majority interest from us to have significant input into the management of the subsidiary business.

These negotiations are nearing completion, and once a binding agreement is signed we will release all details to the market.

The funds to be raised under the Rights Issue will be retained by Island Sky Australia Limited which intends to consider other avenues of investment in an effort to produce better value for shareholders.

David J. Lindh OAM

Chairman

22 July 2011