



# Directors' Report

Your Directors submit their report for the year ended 30 June 2008.

## Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

**Ellis Bugg** (Chairman and Non-executive Director, Chairman of the Nominations and Remuneration Committee)

Ellis was appointed to the Board on 19 April 2006. Following David Bell's resignation, Ellis became Chairman on 14 November 2007, and also became Chairman of the Remuneration Committee.

Ellis has 40 years' experience within the Australian banking industry with extensive knowledge and practical experience within financial markets and the associated infrastructure, especially technology and risk management.

Prior to joining IT&e Limited, Ellis was General Manager Market Risk at National Australia Bank (NAB), where he was responsible for establishing the strategy framework, policies and infrastructure to facilitate effective market risk oversight following a significant control breach under a prior regime. He was executive sponsor of the project where the aim was to obtain Internal Model Accreditation for the calculation of capital requirements for market risk exposures from APRA. This was a multimillion dollar project involving in excess of 100 staff and numerous specialist consulting firms.

Ellis is a Fellow of the Financial Services Institute of Australasia (Finsia) and Fellow of the Australian Institute of Company Directors.

**Simon Yencken** (Non-executive Director)

Simon is a Non-executive Director of IT&e Limited, moving into that role on 31 October 2006. He joined IT&e Limited as an Executive Director, appointed October 2003. Simon was founder and Chief Executive Officer of NextSet Software Inc and joined the Board following the acquisition of NextSet's business.

Simon's experience includes positions as a partner at Freehills, General Counsel and Company Secretary of Reuters Group plc, Managing Director of Reuters Financial Enterprise Systems and Chief Executive Officer of TIBCO Finance Technology Inc.

Simon holds a law degree and Bachelor of Science in mathematics from Monash University (Victoria).

**Ralph Pickering** (Non-executive Director)

Ralph was appointed to the Board on 3 October 2006. Ralph has over 20 years' experience in developing technology businesses, deal making, acquisitions, mergers and major engineering projects. He currently is Managing Director Mergers and Acquisitions at UXC Limited.

Ralph holds a Bachelor of Engineering (Electrical) and Master of Engineering Science (Computer Science) qualifications. Ralph is a Member of the Australian Institute of Company Directors and a Fellow of the Institute of Railway Signals Engineers.

**Jane Yuile** (Non-executive Director)

Jane was appointed to the Board on 29 June 2007. Following Mr Simpson's notice of resignation, Jane became Chairman of the Audit & Risk Committee.

Jane is a chartered accountant with over 25 years' experience as a finance executive. She currently runs a consulting business specialising in the areas of finance, risk, and strategy. Jane is and has been a director of a number of entities at executive and non-executive level, ranging from listed companies to large not for profit organisations. Jane was a past chairman of the Institute of Chartered Accountants in Australia (SA & NT).

Jane holds a MBA and Bachelor of Science qualifications, and is a Fellow of the Australian Institute of Company Directors and the Institute of Chartered Accountants in Australia.

**James (Jim) Maranis**

(resigned as Managing Director on 11 September 2008)

Jim was appointed an Executive Director on 8 February 2001, and was appointed Managing Director on 11 March 2003. Jim's experience is within the financial services technology industry where he previously held a number of senior positions within domestic and foreign banks and with EDS Global Financial Services. Jim has worked on a range of financial markets systems covering front-to-back office product implementations, including foreign exchange, money market and fixed interest, derivatives and risk management. Jim holds a Bachelor of Science and a Master in Applied Finance from the University of Technology Sydney.

**David Bell** (resigned as Chairman and as a Director on 14 November 2007)

David was appointed Chairman of IT&e Limited on 28 October 2005. Prior to becoming Chairman, David held the position of Non-executive Director. David resigned as Chairman and as an Independent Non-executive Director of the Company on 14 November 2007.

David has been a director and advisor to a number of Australian and Asian based companies specialising in the technology and financial markets sectors. His background is in the management and development of businesses in the technology sector with special emphasis on those companies

looking to serve the financial markets, being an area where David has over 22 years' business experience. His previous experience covers management roles in the information technology, telecommunications and banking sectors throughout Australia, Asia and the US.

**Stephen Simpson** (resigned as a Non-executive Director on 14 November 2007)

Stephen was appointed to the Board of IT&e Limited in March 2004. Stephen resigned as an Independent Non-executive Director of the Company on 14 November 2007.

Stephen is a Fellow of the Institute of Chartered Accountants in Australia and is a CPA and a Registered Company Auditor. He is currently a Director of Argus Solutions Limited and a number of proprietary companies, and was a founder, Director and Chief Financial Officer of Radiata Limited. He has held Senior Executive positions in a number of international companies and has worked in Europe, America and the Asia Pacific region.

**Greg Meeking** (resigned as a Non-executive Director on 14 November 2007)

Greg was appointed to the Board on 1 September 2006, and is based in London. Greg resigned as a Non-executive Director on 14 November 2007.

Greg has over 30 years' experience in Information Technology from both the supply and consumer sides of the industry. He has 18 years experience in the financial services market through his time at Reuters Plc where he was their CIO prior to retiring in 2004. Since then he has been pursuing a number of Non-executive roles.

Greg is the independent Chairman of Reuters RPF and Reuters SPS pension schemes as well as being the Chairman of SmithBayes Ltd, a joint venture with McLaren Formula 1 Racing. SmithBayes are suppliers of Corporate Strategy tools and services to the world's largest companies.

Greg has a 1st Class Honours degree in Computer Systems.

## Company Secretary

### Oliver Carton

Oliver joined IT&e Limited as Company Secretary in June 2000. He is an experienced company secretary and is currently company secretary of a number of listed and unlisted companies, ranging from IT&e Limited to the not-for-profit Melbourne Symphony Orchestra Pty Ltd.

Oliver is a qualified lawyer with over 18 years' experience in a variety of corporate roles. He currently runs a consulting business, and was previously a director of the chartered accounting firm KPMG where he ran its Corporate Secretarial Group. Prior to that, he was a senior legal officer with ASIC.

## Directors' Interests

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the Directors in the shares and options of IT&e Limited were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
Ellis Bugg	275,000	500,000
Simon Yencken	27,706,313	1,400,000
Ralph Pickering	356,223	—
Jane Yuile	152,000	—

## Principal Activities

The principal activities of the consolidated entity during the financial year comprised the development and integration of specialty software for financial institutions; covering online securities trading, foreign exchange, options trading and risk management of capital.

## Operating and Financial Review

### Financial Highlights

Highlights of IT&e's Financial Report covering the year ended to 30 June 2008, are as follows:

\$000	F08	F07
Revenue		
Product related	10,244	8,298
Services	2,840	3,493
Total	13,084	11,791
Operating loss	4,545	5,700
Loss after impairment write-off	5,936	5,700
Net tangible assets	(475)	1,791

Revenue showed some improvement from F07 but was lower than budgeted primarily as a consequence of:

- Delays in sales due to the difficult banking environment
- Deferral of recognition of the sign-on portion (US\$1m) of a RAZOR product license that was invoiced and paid prior to 30 June 2008 but will be recognised over several years in accordance with AASB 118 Revenue
- The mutually agreed termination of a major joint development project as announced on 30 April 2008
- Lower services revenue reflecting a growing focus on the RAZOR product and related implementations

**Operating result** was a loss of \$4.5m, an improvement over the prior year position but none the less a disappointing result reflecting three main factors:

- The deferral of the sign-on portion of the license fee noted above
- The termination of the joint major development project noted above
- Delays in sales due to the difficult banking environment

**Impairment write-off** was the result of the loss of a NextSet/PTX client development project and a decrease in the discounted cash flow value of that asset.

**Net tangible assets** are negative due to the deferral of the sign-on portion of the license fee noted above creating unearned revenue (a liability) that the Directors do not consider is refundable. Excluding this liability both net tangible assets and net current assets are positive by more than \$500k. Additional equity contributions have otherwise substantially offset the loss for the period.

## Business Highlights

- Two new sales of RAZOR's Clearing House Risk Management System were secured during the year with LCH.Clearnet Group and a new US Clearing Organisation.
- These sales, combined with the RAZOR solution provided for the ASX, place the company in a good position in the Central Counter-Party risk management market.
- Selection by Calyon New York - RAZOR selected to support the requirements of the Bank's regulated AAA derivatives trading program.
- Four successful implementations of RAZOR solutions;
  - Royal Bank of Canada (RBC) – global rollout of RAZOR Credit Risk and Economic capital modules. RBC can now use RAZOR to obtain a more accurate view of credit exposure and limit utilisation across its trading business.
  - Man Group plc – implemented RAZOR's Economic Capital module.
  - Federal Home Loan Bank of Pittsburgh – implemented RAZOR's Credit Risk & Limit Management modules.
  - A major UK Financial Institution implemented the RAZOR Economic Capital and Reporting Module.

## Outlook

Following year end, the Company has affirmed that it should maintain its primary focus on the RAZOR product as it offers the greatest source of upside for stakeholders given its growing global reputation and client base. Should an opportunity emerge to sell non-strategic assets at an appropriate price this would be embraced.

In addition the organisational cost structure has already been scaled back by approximately \$3m through reduced headcount and a tight control over all discretionary expenditure. The Board also intends to ask shareholders at the AGM for their approval to de-list from the AIM market of the London Stock Exchange.

The Board is committed to continuing to take steps needed to improve the financial performance of the Company and will further restructure the business as appropriate to better align future revenue and expenses.

Despite the disappointing financial result for FY08, the RAZOR product is now implemented or being implemented in 8 financial institutions and 3 exchanges around the world giving the Board confidence in the future prospects for the Company.

## Significant changes in the state of affairs

There have been no significant events during the year which resulted in a significant change in the state of affairs of the Company.

## Significant events since balance date

Mr James Maranis resigned as a Director and Chief Executive Officer of IT&e Limited effective 11 September 2008, replaced by Mr Andrew Wood as Chief Executive Officer, effective 11 September 2008.

## Likely developments and expected results

The Directors anticipate that the 2009 financial year will continue to show improvement in the financial performance of the Group.

The Group will also continue to look for ways of making its business more efficient and profitable during the current year.

## Environmental regulation and performance

The Company is not aware of any particular or significant environmental regulation applicable to it.

## Share Options

### Unissued shares

As at the date of this report, there were 15,980,791 unissued ordinary shares under options. Refer to note 14 of the financial statements for further details of the options outstanding.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company.

### Shares issued as a result of the exercise of options

During or since the end of the financial year, no options were exercised by employees or executives.

## Indemnification of Directors and Officers

The Company paid insurance premiums of \$37,484 (2007: \$57,278) during the year to obtain Directors and Officers liability insurance.

## Remuneration Report (Audited)

This remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the Parent and the Group receiving the highest remuneration.

For the purposes of this report, the term 'executive' encompasses the chief executive, senior executives, general managers and secretaries of the Parent and the Group.

## Details of key management personnel (including the five highest executives of the company and the group)

### (i) Directors

Ellis Bugg	Chairman (Non-executive Director)
Simon Yencken	Non-executive Director
Ralph Pickering	Non-executive Director
Jane Yuile	Non-executive Director
James Maranis	Managing Director – resigned 11 September 2008
David Bell	Non-executive Director – resigned 14 November 2007
Stephen Simpson	Non-executive Director – resigned 14 November 2007
Greg Meekings	Non-executive Director – resigned 14 November 2007

### (ii) Executives

Nigel Slack-Smith	Chief Technology Officer
Andrew Wood	Chief Executive Officer – appointed 11 September 2008 (previously appointed Chief Financial Officer – 19 May 2008)
John Groetch	Chief Operating Officer – Americas
Malcolm Warne	Head of Risk Practice
Richard Bennett	Chief Operating Officer – Europe
John Mantzios	General Manager - APAC
Chris Brooke	Group Financial Controller – appointed 20 August 2007
Oliver Carton	Company Secretary
Frank Raiti	Group Financial Controller – resigned 13 July 2007
Neil Sandery	Sales Executive – resigned 1 April 2008

Other than the resignation of James Maranis, David Bell, Stephen Simpson, Greg Meekings, Neil Sandery and Frank Raiti, there were no other changes of the Key Management Personnel after reporting date and before the date the Financial Report was authorised for issue.

## Remuneration philosophy

The performance of the Company depends upon the quality of its Directors and Executives. To perform well, the Company must attract, motivate and retain highly skilled Directors and Executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value;
- Have a significant portion of Executive remuneration 'at risk', dependent upon meeting predetermined performance benchmarks; and
- Establish appropriate, demanding performance hurdles in relation to variable executive remuneration.

## Nominations and Remuneration committee

The Nominations and Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the Directors, the Managing Director and the senior management team.

The Nominations and Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Directors and Executive officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

## Remuneration structure

In accordance with best practice corporate governance, the structure of Non-executive Director and Executive officer remuneration is separate and distinct.

## Non-executive Director Remuneration

### Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, while incurring a cost which is acceptable to shareholders.

### Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at the Annual General Meeting held on

28 October 2005 when shareholders approved an aggregate remuneration of \$1,150,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned among Directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to Non-executive Directors of comparable companies when undertaking the annual review process.

Each Director receives a fee for being a Director of the Company. An additional fee is also paid for each Board committee on which a Director sits. The payment of additional fees for serving on a committee recognises the additional time commitment required by Directors who serve on one or more subcommittees.

Non-executive Directors have long been encouraged by the Board to hold shares in the Company (purchased by the Director on market). It is considered good governance for Directors to have a stake in the Company on whose board he or she sits.

The Non-executive Directors of the Company can participate in the Employee Share Incentive Plan which provides incentives where specified criteria are met.

The remuneration of Non-executive Directors for the period ending 30 June 2008 is detailed in the Table on page 13 of this report.

## Senior management and Executive Director Remuneration

### Objective

The Company aims to reward KMP with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- Reward KMP for Company, business unit and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of KMP with those of shareholders;
- Link reward with the strategic goals and performance of the Company in the financial year; and
- Ensure total remuneration is competitive by market standards.

### Structure

In determining the level and make-up of KMP remuneration, the Nominations and Remuneration Committee engaged an external consultant in 2007 to provide independent advice both in the form of a written report detailing market levels of remuneration for comparable executive roles, as well as the participation of the independent consultant in the meeting

from which the committee makes its recommendations to the Board.

Remuneration consists of the following key elements:

- Fixed remuneration; and
- Variable remuneration.

The proportion of fixed remuneration and variable remuneration (potential short-term and long-term incentives) is established for each KMP by the Remuneration Committee. The table on page 13 details the variable component (%) of the top five KMP of the Group and the Company.

## Fixed Remuneration

### Objective

Fixed remuneration is reviewed annually by the Nominations and Remuneration committee. The process consists of a review of companywide business unit and individual performance, relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. As noted above, the committee has access to external advice independent of management.

### Structure

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. The fixed remuneration component of the top 5 KMP of the Group and the Company is detailed in the table on page 13.

## Variable Remuneration

### Objective

The objective of the variable program is to link the achievement of the Company's operational targets with the remuneration received by the Executives charged with meeting those targets and to also reward KMP in a manner which is consistent with the interests of shareholders. The total potential variable component is set at a level so as to provide sufficient incentive to the KMP to achieve the operational targets and such that the cost to the Company is reasonable in the circumstances.

### Structure

Actual variable payments granted to KMP depend on the extent to which specific operating targets set at the beginning of the financial year are met. The operational targets consist of a number of Key Performance Indicators (KPIs) covering both financial and non-financial measures of performance. Typically included are measures such as contribution to operational profit, customer service, risk management, product management and leadership/team contribution. The Company has predetermined benchmarks which must be met in order to trigger payments.

On an annual basis, the performance against KPIs of the specific business unit, the overall performance of the Company, and the individual performance of each KMP are taken into account when determining the amount, if any, of the variable incentive pool that is to be allocated to each executive.

The aggregate of variable payments available for Executives across the Company is subject to the approval of the Nominations and Remuneration committee. Payments made are usually delivered in the form of options and in some cases, payment of cash bonuses. The variable remuneration component of the KMP of the Group and the Company is detailed in the table on page 13.

### Employments Contracts

#### Chief Executive Officer

The CEO's employment agreement has yet to be finalised given the short duration of his appointment as the CEO and the date of this report.

#### Other Executives (standard contracts)

All Executives have rolling contracts. The Company may terminate the Executive's employment agreement by providing written notice or providing payment in lieu of

the notice period (based on the fixed component of the Executive's remuneration). On termination on notice by the Company, any options that have vested or that will vest during the notice period will be released. The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the Executive is only entitled to that portion of remuneration that is fixed, and only up to the date of termination. On termination with cause any unvested options will immediately be forfeited.

#### Relationship of rewards to performance

In assessing whether the performance hurdles for each variable component have been met, the Company measures audited results against internal targets. In the financial year ended 30 June 2008 a variable non-operational bonus of \$15,000 was paid to the Managing Director, as determined by the Nominations and Remuneration committee and in accordance with agreed KPIs.

#### Company Secretary Remuneration

IT&e has outsourced the Company Secretary role to Lennox Group Pty Ltd, which provides the services of Oliver Carton for a fixed monthly fee. IT&e pays market rates for these services.

## (i) Remuneration of Key Management Personnel for the year ended 30 June 2008

	Salary and Fees	Short Term		Post Employment	Share-based Payment	Total	% Performance Related
		Bonus	Other	Superannuation	Options		
<b>30 June 2008</b>							
<b>Directors</b>							
E. Bugg	81,625	-	-	-	14,691	96,316	15%
S. Yencken	42,035	-	-	-	7,498	49,533	15%
R. Pickering	51,100	-	-	-	-	51,100	-
J. Yuile	51,100	-	-	-	-	51,100	-
D. Bell (i)	78,758	-	-	-	-	78,758	-
S. Simpson (i)	21,292	-	-	-	-	21,292	-
G. Meekings (i)#	14,605	-	-	-	(87,328)	(72,723)	-
J. Maranis (vii)	345,000	15,000	-	13,129	10,711	383,840	7%
<b>Executives</b>							
A. Wood (ii)	28,850	-	-	2,596	-	31,446	-
N. Slack-Smith	283,500	-	16,667	13,129	-	313,296	-
J. Groetch	203,937	-	58,257	-	-	262,194	-
M. Warne	252,819	-	57,872	6,427	-	317,118	-
R. Bennett	283,609	-	22,555	37,681	26,099	369,944	7%
J. Mantzios	201,705	-	-	13,129	-	214,834	-
C. Brooke (iii)	114,833	-	-	10,335	-	125,168	-
O. Carton *	42,000	-	80,500	-	-	122,500	-
H. Feuga (iv)	15,527	-	-	561	-	16,088	-
F. Raiti (v)	12,096	-	-	514	-	12,610	-
N. Sandery(vi) ^	108,688	-	58,037	9,872	2,551	179,148	1%
	2,233,079	15,000	293,888	107,373	25,778	2,623,562	

(i) resigned 14 November 2007

(ii) appointed CFO 19 May 2008  
appointed CEO 11 September 2008

(iii) appointed 20 August 2007

(iv) resigned 29 June 2007

(v) resigned 13 July 2007

(vi) resigned 1 April 2008

(vii) resigned 11 September 2008

^ Other short-term payments include termination benefits payable of \$52,440.

\* IT&e has outsourced the company secretary role to Lennox Group Pty Ltd, which provides the services of

Oliver Carton for a fixed monthly fee. Oliver Carton performs all the duties associated with the role of Company Secretary in return for this fee. Oliver Carton is also a solicitor and other payments to him shown in the above table were made to his law firm in return for legal services.

# G Meekings resigned as a Director within 1 year of the share options being issued to him. In accordance with Note 2 (w) the cost of the 2,000,000 share options has been reversed as the options were cancelled within the 1 year vesting period.

## (ii) Remuneration of Key Management Personnel for the year ended 30 June 2007

	Short Term		Post Employment	Share based Payment	Total	% Performance Related
	Salary and Fees	Other	Superannuation	Options		
<b>30 June 2007</b>						
<b>Directors</b>						
D. Bell#	94,721	30,000	-	2,229	126,950	2%
J. Maranis	345,000	-	12,686	60,188	417,874	14%
S. Yencken#	155,714	17,000	6,343	39,332	218,389	18%
E. Bugg	51,309	-	-	11,232	62,541	18%
S. Simpson#	51,100	23,000	-	11,052	85,152	13%
G. Meekings (i)	35,822	-	-	44,926	80,748	56%
R. Pickering (ii)	38,325	-	-	-	38,325	-
J. Yuile (iii)	-	-	-	-	-	-
<b>Executives</b>						-
N. Slack-Smith	270,000	-	12,686	11,279	293,965	4%
R. Watson	179,826	-	9,515	15,684	205,025	8%
A. Arbelo	228,072	-	9,515	11,279	248,866	5%
N. Sandery	254,667	53,065	5,857	13,383	326,972	4%
J. Groetch	211,636	37,644	-	-	249,280	-
M. Warne	322,870	47,393	4,891	11,279	386,433	3%
H. Feuga	240,764	-	-	-	240,764	-
J. Mantzios	192,100	-	12,503	11,279	215,882	5%
F. Raiti	117,875	10,000	11,128	-	139,003	-
O. Carton*#	42,014	223,351	-	-	265,365	-
	2,831,815	441,453	85,124	243,142	3,601,534	

\* IT&e has outsourced the company secretary role to Lennox Group Pty Ltd, which provides the services of Oliver Carton for a fixed monthly fee. Oliver Carton performs all the duties associated with the role of Company Secretary in return for this fee. Oliver Carton is also a solicitor and other payments to him shown in the above table were made to his law firm in return for legal services.

(i) appointed 1 September 2006

(ii) appointed 3 October 2006

(iii) appointed 29 June 2007

# IT&e paid consulting fees to its Directors and Company Secretary in relation to the AIM listing and the rights issue during the financial year.

(iii) Options granted as part of remuneration:  
Granted and vested during the year (Consolidated)

30 June 2008	Granted No.	Grant Date	Fair Value Per option at Grant date (\$ (note 14))	Terms & Conditions for each Grant		First Exercise Date	Last Exercise Date	Vested	
				Exercise price per option (\$ (note 14))	Expiry Date			No	%
<b>Directors</b>									
E. Bugg	-	-	-	-	-	-	-	-	-
S. Yencken	-	-	-	-	-	-	-	-	-
R. Pickering	-	-	-	-	-	-	-	-	-
J. Yuile	-	-	-	-	-	-	-	-	-
<b>Executives</b>									
N. Slack-Smith	-	-	-	-	-	-	-	-	-
A. Wood	-	-	-	-	-	-	-	-	-
J. Groetch	-	-	-	-	-	-	-	-	-
M. Warne	-	-	-	-	-	-	-	-	-
R. Bennett	700,000	30 Sep '07	0.0900	0.20	30 Sep '11	30 Sep '09	30 Sep '11	-	-
J. Mantzios	-	-	-	-	-	-	-	-	-
C. Brooke	-	-	-	-	-	-	-	-	-
O. Carton	-	-	-	-	-	-	-	-	-
<b>Total</b>	700,000							-	

(iv) Options granted as part of remuneration:  
Granted and vested during the prior year (Consolidated)

30 June 2007	Granted No.	Grant Date	Fair Value Per option at Grant date (\$ (note 14))	Terms & Conditions for each Grant		First Exercise Date	Last Exercise Date	Vested	
				Exercise price per option (\$) (note 14)	Expiry Date			No	%
<b>Directors</b>									
D. Bell	-	-	-	-	-	-	-	-	-
J. Maranis	-	-	-	-	-	-	-	-	-
S. Yencken	-	-	-	-	-	-	-	-	-
E. Bugg	500,000	4 Dec '06	0.0796	0.20	4 Dec '11	4 Dec '09	4 Dec '11	-	-
S. Simpson	-	-	-	-	-	-	-	-	-
G. Meekings	2,000,000	4 Dec '06	0.0796	0.20	4 Dec '11	4 Dec '09	4 Dec '11	-	-
R. Pickering	-	-	-	-	-	-	-	-	-
J. Yuile	-	-	-	-	-	-	-	-	-
<b>Executives</b>									
N. Slack-Smith	-	-	-	-	-	-	-	-	-
A. Arbelo	-	-	-	-	-	-	-	-	-
R. Watson	-	-	-	-	-	-	-	-	-
N. Sandery	-	-	-	-	-	-	-	-	-
J. Groetch	-	-	-	-	-	-	-	-	-
M. Warne	-	-	-	-	-	-	-	-	-
H. Feuga	-	-	-	-	-	-	-	-	-
J. Mantzios	-	-	-	-	-	-	-	-	-
F. Raiti	-	-	-	-	-	-	-	-	-
O. Carton	-	-	-	-	-	-	-	-	-
<b>Total</b>	2,500,000							-	

## (v) Options granted as part of remuneration:

	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year ^	Total value of options granted exercised and lapsed during the year	% Remuneration consisting of options for the year
<b>Directors</b>					
E. Bugg	-	-	-	-	-
S. Yencken	-	-	-	-	-
R. Pickering	-	-	-	-	-
J. Yuile	-	-	-	-	-
D. Bell (i)	-	-	(67,230)	(67,230)	-
S. Simpson (i)	-	-	(103,885)	(103,885)	-
G. Meekings (i)	-	-	(159,221)	(159,221)	-
J. Maranis (ix)	-	-	-	-	-
<b>Executives</b>					
A. Wood (ii)	-	-	-	-	-
N. Slack-Smith	-	-	-	-	-
J. Groetch	-	-	-	-	-
M. Warne	-	-	-	-	-
R. Bennett #	63,000	-	-	63,000	6%
J. Mantzios	-	-	-	-	-
C. Brooke (iii)	-	-	-	-	-
O. Carton	-	-	-	-	-
H. Feuga (iv)	-	-	-	-	-
F. Raiti (v)	-	-	-	-	-
N. Sandery (vi)	-	-	-	-	-
R. Watson (vii)	-	-	(45,717)	(45,717)	-
A. Arbelo (viii)	-	-	(188,244)	(188,244)	-
<b>Total</b>	<b>63,000</b>		<b>(564,297)</b>	<b>(501,297)</b>	

- (i) resigned 14 November 2007
- (ii) appointed CFO 19 May 2008  
appointed CEO 11 September 2008
- (iii) appointed 20 August 2007
- (iv) resigned 29 June 2007
- (v) resigned 13 July 2007
- (vi) resigned 1 April 2008
- (vii) resigned 30 March 2007
- (viii) resigned 5 March 2007
- (ix) resigned 11 September 2008

^ Includes forfeitures

# For details on the valuation of the options, including models and assumptions used, please refer to Note 14.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

The maximum grant, which will be payable assuming that all service criteria are met, is equal to the number of options granted multiplied by the fair value at the grant date. The minimum grant payable assuming that service criteria are not met is zero.

The option holder must be an employee or Director when the options are exercised.

## Directors' Meetings

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director was as follows:

	Directors' meetings	Audit and Risk Committee	Finance Committee	Nomination and Remunerations Committee
<b>Number of meetings held:</b>	28	6	6	2
<b>Number of meetings attended:</b>				
E. Bugg (a, R)	28	6	-	2
S. Yencken (a, r)	28	6	-	2
R. Pickering (a, r, f)	28	6	6	2
J. Yuile (A, F)	28	6	6	-
J. Maranis ^ ^	27	-	-	-
D. Bell #	10	2	-	1
S. Simpson ^	12	2	-	1
G. Meekings *	11	2	-	-

# Mr Bell resigned as a director on 14 November 2007 and was eligible to attend 10 Board, 2 Audit and Risk Committee and 1 Nominations and Remuneration Committee meetings.

\* Mr Meekings resigned as a director on 14 November 2007 and was eligible to attend 11 Board and 2 Audit and Risk Committee meetings.

^ Mr Simpson resigned as a director on 14 November 2007 and was eligible to attend 12 Board, 2 Audit and Risk Committee and 1 Nominations and Remuneration Committee meetings.

^^ Mr Maranis resigned on 11 September 2008 and was eligible to attend 28 Board meetings.

## Committee membership

As at the date of this report, the Company had an Audit and Risk committee, a Nomination and Remunerations Committee and a Finance Committee of the Board of Directors.

Membership is designated as follows in the above table:

a = Audit and Risk, r = Nomination and Remunerations, f = Finance

Capital denotes chairman of that committee.

## Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the

Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

## Auditor independence and non-audit services

### Auditor's Independence Declaration

We have obtained an independence declaration from our auditors, Ernst & Young, which is attached immediately following the audit report.

### Non-Audit Services

The following non-audit services were provided by the entity's auditor, Ernst & Young. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services:

Other Assurance Services	\$23,151
Tax compliance services	\$34,276
Accounting advice	\$37,070

Signed in accordance with a resolution of the Directors.



ELLIS BUGG

Chairman

30 September 2008