1. Corporate Information

The financial report of IT&e Limited (the Company) for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of the Directors on 30 September 2008.

IT&e Limited is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The principal activities of the Company during the financial period comprised of the development and integration of speciality software for financial institutions covering on-line securities trading, foreign exchange, options trading and risk management of capital.

2. Summary of significant accounting policies

Basis of preparation

The Financial Report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The Financial Report has also been prepared on a historical cost basis.

The Financial Report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/0100.

Going Concern

On 11th September 2008 the Company's Chief Financial Officer was appointed to the dual roles of Chief Executive Officer and Chief Financial Officer.

The mandate from the board is to restructure operations to expedite achievement of positive operational cash flows.

The Board and management of the Company have reviewed and challenged the assumptions used in the cash flow forecasts (including performing sensitivity analysis) for the next 12 months with reference to the following factors:

- Timing of existing customer collections;
- Existing cash burn rates; and
- Movements in foreign exchange rates.

The Directors have also sought and obtained confirmation from senior representatives of existing customers that contractual payments will be paid on their due dates.

Based on the above actions, the Board and management of IT&e Limited are satisfied as to the going concerns of the company and consolidated entity.

However, if these cash flow forecasts and other actions are not achieved, there will be inherent uncertainty as to whether the company and the consolidated entity can continue as going concerns. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the company and consolidated entity not continue as going concerns.

(a) Statement of compliance

The Financial Report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The Financial Report also complies with International Financial Reporting Standards (IFRS).

(b) New accounting standards and interpretations

Except for the amendments to AASB 101 Presentation of Financial Statements and AASB 2007-4 Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments, which the Group has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2008. These are outlined in the table below.

2. Summary of significant accounting policies (continued)

(b) New accounting standards and interpretations (continued)

AASB Amendment	Affected Standard(s)	Nature of change to accounting policy	Application date of standard	Application date for Group	Summary
AASB 2007-2	Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]	The Group currently has no service concession arrangements or public-private-partnerships (PPP), so the standard is not expected to have any impact on the Group's financial report.	1 January 2008	1 July 2008	Amending standard issued as a consequence of AASB Interpretation 12 Service Concession Arrangements.
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. However the standard is expected to have an impact on the Group's segment disclosures and the disclosure impact has yet to be assessed by the Group.	1 January 2009	1 July 2009	Amending standard issued as a consequence of AASB 8 Operating Segments.
AASB 2007-6	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. The Group has yet to assess the impact of borrowing costs associated with qualifying assets on the Group's financial report.	1 January 2009	1 July 2009	Amending standard issued as a consequence of revisions to AASB 123 Borrowing Costs.
AASB 8	Operating Segments	Refer to AASB 2007-3 above.	1 January 2009	1 July 2009	New standard replacing AASB 114 Segment Reporting, which adopts a management approach to segment reporting.
AASB 123 (amended)	Borrowing Costs	Refer to AASB 2007-6 above.	1 January 2009	1 July 2009	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset must be capitalised.
AASB Int. 4 (Revised)	Determining whether an Arrangement contains a Lease	The revised Interpretation specifically scopes out arrangements that fall within the scope of AASB Interpretation 12.	1 January 2008	1 July 2008	Refer to AASB Int. 12 and AASB 2007-2 above.

2. Summary of significant accounting policies (continued)

AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New standard replacing AASB 114 Segment Reporting, which adopts a management reporting approach to segment reporting.	1 January 2009	1 July 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements, although it may indirectly impact the level at which goodwill is tested for impairment. In addition, the amendments may have an impact on the Group's segment disclosures.
AASB 123 (Revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised.	1 January 2009	1 July 2009	These amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. The Group has no borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the Group's financial report.
AASB 101 (Revised) and AASB 2007-8	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	1 July 2009	These amendments are only expected to affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Group has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations	The amendments clarify the definition of 'vesting conditions', introducing the term 'non-vesting conditions' for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009	1 July 2009	The Group has share-based payment arrangements that may be affected by these amendments. However, the Group has not yet determined the extent of the impact, if any.

2. Summary of significant accounting policies (continued)

AASB Amendment	Affected Standard(s)	Nature of change to accounting policy	Application date of standard	Application date for Group	Summary
AASB 2008-2	Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation	The amendments provide a limited exception to the definition of a liability so as to allow an entity that issues puttable financial instruments with certain specified features, to classify those instruments as equity rather than financial liabilities.	1 January 2009	1 July 2009	These amendments are not expected to have any impact on the Group's financial report as the Group does not have on issue or expect to issue any puttable financial instruments as defined by the amendments.
AASB 3 (Revised)	Business Combinations	The revised standard introduces a number of changes to the accounting for business combinations, the most significant of which allows entities a choice for each business combination entered into – to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired. The changes apply prospectively.	1 July 2009	1 July 2009	The Group may enter into some business combinations during the next financial year and may therefore consider early adopting the revised standard. The Group has not yet assessed the impact of early adoption, including which accounting policy to adopt.
AASB 127 (Revised)	Consolidated and Separate Financial Statements	Under the revised standard, a change in the ownership interest of a subsidiary (that does not result in loss of control) will be accounted for as an equity transaction.	1 July 2009	1 July 2009	If the Group changes its ownership interest in existing subsidiaries in the future, the change will be accounted for as an equity transaction. This will have no impact on goodwill, nor will it give rise to a gain or a loss in the Group's income statement.

2. Summary of significant accounting policies (continued)

AASB Amendment	Affected Standard(s)	Nature of change to accounting policy	Application date of standard	Application date for Group	Summary
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending standard issued as a consequence of revisions to AASB 3 and AASB 127.	1 July 2009	1 July 2009	Refer to AASB 3 (Revised) and AASB 127 (Revised) above.
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	This interpretation proposes that the hedged risk in a hedge of a net investment in a foreign operation is the foreign currency risk arising between the functional currency of the net investment and the functional currency of any parent entity. This also applies to foreign operations in the form of joint ventures, associates or branches.	1 January 2009	1 July 2009	The Interpretation is unlikely to have any impact on the Group since it does not significantly restrict the hedged risk or where the hedging instrument can be held.

2. Summary of significant accounting policies (continued)

AASB 2008-7	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The main amendments of relevance to Australian entities are those made to IAS 27 deleting the 'cost method' and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (i.e., parent company accounts). The distinction between pre- and post-acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment. AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value.	1 January 2009	1 July 2009	Recognising all dividends received from subsidiaries, jointly controlled entities and associates as income will likely give rise to greater income being recognised by the parent entity after adoption of these amendments. In addition, if the Group enters into any group reorganisation establishing new parent entities, an assessment will need to be made to determine if the reorganisation meets the conditions imposed to be effectively accounted for on a 'carry-over basis' rather than at fair value.
AASB 2008-5 and AASB 2008-6	Improvements to IFRSs	The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part 1 deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact.	1 January 2009 except for amendments to IFRS 5, which are effective from 1 July 2009.	1July 2009	The Group has not yet determined the extent of the impact of the amendments, if any.

The Group has adopted AASB 7 *Financial Instruments; Disclosures* and all consequential amendments which became applicable on 1 January 2007. The adoption of this standard has only affected the disclosure in these financial statements. There has been no affect on profit and loss or the financial position of the entity.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of IT&e Limited and its subsidiaries as at 30 June each year (the Group).

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by IT&e Limited are accounted for at cost in the separate financial statements of the parent entity.

The acquisition of subsidiaries is accounted for using the purchase method of accounting, which involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

(d) Significant accounting judgements, estimates and assumptions

Significant accounting judgements
In the process of applying the Group's accounting policies, management has not made any accounting judgements, apart from those involving estimations, which have a significant effect on the amounts recognised in the financial statements.

Significant accounting estimates and assumptions
The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of goodwill
The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill is allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill are discussed in note 13.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, except for options with a market condition attached, which are valued using a Monte-Carlo model using the assumptions detailed in note 14.

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. The following specific recognition criteria must also be met before revenue is recognised:

License fee revenue
For perpetual licences: revenue from license fees, where significant customisation, development and/or modification is required, is recognised on a percentage of completion basis over the period from delivery of the product to customer acceptance. The degree of completion of a contract is measured using the costs incurred to date or milestones reached, depending upon the nature of the contract and the most appropriate measure of the percentage of completion. Where significant customisation, development and/or modification are not required, revenue from license fees is recognised upfront when delivery has occurred and when there are no substantial obligations remaining. Licences for a fixed term, i.e. three or five year term, the revenue will be recognised over the period of the contract.

Maintenance fee revenue
Revenue from maintenance fees and other forms of software support are recognised over the period of the contract.

Services revenue
Revenue from professional services, including from systems implementation, training and consultancy, are recognised as services are performed and based on the percentage of completion.

Interest revenue
Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(f) Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(g) Finance costs

Finance costs are expensed as incurred, where applicable.

(h) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires assessment of whether the fulfilment of the arrangement is dependant on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the assets are classified as operating leases and payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

Lease Liability Incentive
On 1 March 2008, the Parent Entity moved to new premises at 115 Pitt Street Sydney. As part of the move, the landlord provided a rent reduction incentive being equal to a 50% reduction in monthly rent payable for the first 18 months of occupation. The rental incentive income and corresponding expense will be amortised on a straight line basis over the term of the lease.

In addition, the landlord provided a lease incentive to move into the premises, which contributed to the overall fit-out costs of the new premises. The lease incentive assets are depreciated on a monthly basis with the lease incentive expense offset against lease liability revenue over the life of the lease.

(i) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

(j) Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for provision for impairment is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(k) Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at ammortised cost
If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i. e. the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in the income statement.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(l) Foreign currency translation

Both the functional and presentation currency of IT&e Limited and its Australian subsidiaries are Australian dollars (AUS$). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the consolidated financial report are taken to the income statement except for those arising on translation of foreign operations as noted below.

The functional currency of the foreign operations include IT&e (UK) Limited is Great Britain Pounds (GBP), IT&e Global Inc. is United States Dollars (US$) and IT&e Software India Private Limited is India Rupee (INR).

As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of IT&e Limited at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rate for the year.

The exchange differences arising on the retranslation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

(m) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates; or
- interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidated legislation
IT&e Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2004.

Refer Note 5 for further information.

(n) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(o) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows for both 2008 and 2007:

Furniture and fittings	–	over 5 years
Office and computer equipment and software	–	over 3 to 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment
For property, plant and equipment, refer to note 2(r) for the impairment accounting policy.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

(ii) Derecognition and disposal
An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

(p) Investments and other financial assets

Investments in subsidiaries
Investments in subsidiaries are measured at cost in the separate financial statements of IT&e Limited.

Investments (other than investments in subsidiaries) and other financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable, transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i. e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(q) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with AASB 114 *Segment Reporting.*

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

(r) Impairment of non-financial assets other than goodwill

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at a revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(s) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30-45 days of recognition.

Financial guarantees

The fair value of the cross guarantee that exists between IT&e Limited and its wholly owned subsidiary IT&e Commerce Solutions Pty Ltd as discussed in note 24 has been assessed considering the likelihood of default, the exposure to default and the probability of liability.

Management reviews the (i) likelihood of default; (ii) exposure to default; and (iii) probability of liability at each balance date before determining the fair value of the financial guarantee.

(t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(u) Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable. The Group does not have any accumulating sick leave.

(ii) Long service leave

A liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(v) Convertible Loan

On 5 June 2008, the company entered into a 2 year convertible interest bearing loan with all Directors and senior Executives whereby the Directors and senior Executives loaned the Company various sums to a maximum of $20,000 each.

This loan is interest bearing at 1% above the ANZ Bank rate for overdrafts in excess of $100,000.

At any time during the loan period, the Directors (subject to shareholder approval) and the senior Executives can elect to convert the loan together with all accrued interest into ordinary share capital. The right to convert is only exercisable in full on one occasion. Hence, the convertible loan has been classified as an interest bearing financial liability on the balance sheet at 30 June 2008.

Closed Share Period

IT&e's share trading period commences from the full year balance date, normally June 30th of each year, and ends on release of the announcement of the Company's annual results. ,The half year share trading period commences from the half year balance date, normally December 31st of each year, and ends on release of the Company's half-yearly report.

(w) Share-based payment transactions

The Group provides benefits to employees (including senior Executives and Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

There are currently two plans in place to provide these benefits:

(i) the Employee Share Option Plan (ESOP), which provides benefits to Directors and senior Executives; and

(ii) the Employee Share Acquisition Plan (ESAP), which provides benefits to all employees, including senior Executives and Directors.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a Black-Scholes model, except for options with a market condition attached, which are valued using a Monte-Carlo model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of IT&e Limited ('market conditions') if applicable.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects;

(i) the extent to which the vesting period has expired; and

(ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 6).

Adoption of IFRIC Interpretation 11

The Group has adopted IFRIC Interpretation 11 and recorded in the Parent Entity an increase in investment for the share-based payments recorded in the subsidiary's books. An adjustment was required to retrospectively recognise share based payments granted after 1 July 2005 which has resulted in a change to the 2007 comparative numbers for Investments in Controlled Entities and Other Reserves.

Quantification of the effect of the introduction of Interpretation 11 can be found at Note 14, Share Based Payment Plans and Note 24, Related Party Disclosures.

(x) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(y) Earnings per share

Basic earnings per share (EPS) is calculated as the net profit attributable to members of the parent, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; and
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

3. Segment Information

The Group's primary segment reporting format is reported geographically as the Group's risks and rates of return are affected predominantly by differences in the geographical markets.

The operating businesses are organised and managed separately according to the geographical responsibility with each segment representing a strategic market that offers different challenges. Transfer prices between geographical segments are set at an arms' length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated on consolidation.

Geographical segments

The consolidated entity operates in the IT industry, predominantly in one line of business, providing software solutions to the financial services industry. During the period, the Company operated in Australia, India, USA and the UK.

The following tables present revenue and profit information and certain asset and liability information regarding geographical segments for the years ended 30 June 2008 and 30 June 2007.

	Australia $'000	India $'000	USA $'000	UK $'000	Total $'000
Year ended 30 June 2008					
Revenue					
Sales to external customers	12,373	-	711	-	13,084
Other revenues from external customers	-	-	-	-	-
Inter-segment sales	-	1,092	1,212	2,417	4,721
Total segment revenue	12,373	1,092	1,923	2,417	17,805
Inter-segment elimination					(4,721)
Interest revenue					54
Total consolidated revenue					13,138
Result					
Segment Results	(5,820)	118	(207)	65	(5,844)
Share-based payments	(12)	-	(15)	(26)	(53)
Profit / (loss) before tax and finance costs	(5,832)	118	(222)	39	(5,897)
Finance Costs	(11)	-	-	(1)	(12)
Profit / (loss) before income tax	(5,843)	118	(222)	38	(5,909)
Income tax expense	-	-	-	(27)	(27)
Net (loss) for the year (note 21)	(5,843)	118	(222)	11	(5,936)
Assets and liabilities					
Total assets	6,369	243	2,276	85	8,973
Total liabilities	(4,348)	(58)	(1,340)	(410)	(6,157)
Other segment information:					
Capital expenditure	452	9	28	4	495
Depreciation	(150)	(28)	(13)	(13)	(203)

3. Segment Information (continued)

	Australia $'000	India $'000	USA $'000	UK $'000	Total $'000
Year ended 30 June 2007					
Revenue					
Sales to external customers	10,639	-	1,232	(83)	11,788
Other revenues from external customers	3	-	-	-	3
Inter-segment sales	-	966	226	2,488	3,680
Total segment revenue	10,642	966	1,458	2,405	15,471
Inter-segment elimination					(3,680)
Interest revenue					110
Total consolidated revenue					11,901
Result					
Segment Results	(5,351)	66	(138)	90	(5,333)
Share-based payments	(274)	-	(9)	(15)	(298)
Profit / (loss) before tax and finance costs	(5,625)	66	(147)	75	(5,631)
Finance costs	(53)	-	-	-	(53)
Profit / (Loss) before income tax	(5,678)	66	(147)	75	(5,684)
Income tax expense	-	-	-	(16)	(16)
Net (loss) for the year (note 21)	(5,678)	66	(147)	59	(5,700)
Assets and liabilities					
Total assets	8,623	373	1,465	111	10,572
Total liabilities	(3,532)	(54)	(282)	(232)	(4,100)
Other segment information:					
Capital expenditure	62	54	21	11	148
Depreciation	(182)	(36)	(7)	(13)	(238)

4. Revenues and Expenses

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Revenue and Expenses from Total Operations				
(a) Revenue				
Sale of goods	10,244	8,298	7,773	5,339
Rendering of services	2,840	3,493	9	28
	13,084	11,791	7,782	5,367
(b) Other Income				
Government grant (i)	90	151	90	150
Australian Tax Office receivable	41	-	41	-
	131	151	131	150
(i) An Export Market Development Grant was received in relation to promoting and marketing the company's products in overseas markets. There are no unfulfilled conditions or contingencies attaching to this grant.				
(c) Other expenses				
Bad and doubtful debts – trade debtors	(29)	29	(29)	29
Depreciation of plant and equipment, owned	203	238	70	34
Net foreign exchange differences	439	309	262	34
	613	576	303	97
(d) Employee benefits expenses (ii)				
Wages and salaries	1,155	1,739	1,063	1,292
Workers' compensation costs	23	26	-	-
Long service leave provision	11	(8)	11	1
Annual leave provision	24	8	40	(12)
Superannuation	74	99	74	87
Employer related taxes	113	158	89	104
Other employee costs	69	71	-	-
	1,469	2,093	1,277	1,472
(ii) Employee benefits expense is outside of cost of sales and relates to employee expenses pertaining to administration and support functions.				
(e) Lease payments included in income statement				
Lease rental incentive	63	-	63	-

5. Income Tax The major components of income tax are:

	CONSOLIDATED		PARENT	
	2008 $'000	2007^ $'000	2008 $'000	2007^ $'000
Income Statement				
Current Income Tax				
Current income tax charge	27	16	-	-
Adjustments in respect of current income tax of previous years	-	-	-	-
Deferred income tax				
Relating to origination and reversal of temporary differences	-	-	-	-
Income tax reported in the income statement	27	16	-	-
Statement of changes in equity				
Deferred income tax relating to items charged or credited directly to equity	-	-	-	-
Income tax reported in equity	-	-	-	-
A reconciliation between tax expense and the product of accounting profit before income tax rate is as follows:				
Accounting (loss) before income tax	(5,934)	(5,700)	(4,632)	(3,988)
At the Groups statutory income tax rate of 30%	(1,780)	(1,710)	(1,390)	(1,197)
Expenditure not allowable for income tax purposes	45	58	45	58
Share-based payment expense	14	90	(2)	59
Tax loss not carried forward	-	-	-	-
Other items (net)	-	-	-	-
Estimated unrecognised tax losses	1,748	1,578	1,347	1,080
Income tax reported in the income statement	27	16	-	-

^ The 2007 comparatives have been restated to reconcile to the 2007 Tax Return.

At 30 June 2008, there are unrecognised net deferred tax assets arising from the differences in the accounting and tax cost bases of the Group and unrecognised tax losses not brought to account. The Group has estimated unconfirmed unrecouped post-consolidation income tax losses arising in Australia of $5,859,142 (2007: $4,928,902) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose.

At 30 June 2008, there is no recognised or unrecognised deferred income tax liability (2007: $nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries associate or joint venture as the Group has no liability for additional taxation should such amounts be remitted.

5. Income Tax (continued)

Tax Consolidation

IT&e Limited and its 100% Australian owned subsidiaries have formed a tax consolidation group with effect 1 July 2002. IT&e Limited is the head entity of the tax consolidated group. Members of the group are to consider entering into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries on a pro-rata basis. In addition any agreement will provide for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group intend to enter into a tax funding agreement upon the tax consolidated group being in a tax payable position. The tax funding agreement will provide for the allocation of current taxes to members of the tax consolidated group in accordance with an acceptable allocation method under UIG 1052, while deferred taxes will be allocated to members of the tax consolidated group in accordance with the principles of AASB 112 *Income Taxes*. The allocation of taxes under the tax funding agreement will be recognised as an increase/decrease in the subsidiaries' inter-company accounts with the tax consolidated group head company, IT&e Limited in accordance with UIG 1052 *Tax Consolidation Accounting*.

6. Earnings per Share

Although options on issue could be considered dilutive, the fully diluted earnings per share calculation cannot give a more favourable result than the basic earnings per share calculation. Therefore, the basic earnings per share calculation are also used for the fully diluted calculation while the Group is in a loss position.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000
Net (loss) attributable to ordinary equity holders of the parent	(5,936)	(5,700)
	Thousands	Thousands
Weighted average number of ordinary shares for basic earnings per share	246,749	208,209

7. Cash and Cash Equivalents

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Cash at bank and in hand	1,604	1,132	224	30
Short-term deposits	-	1,297	-	1,216
	1,604	2,429	224	1,246

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Reconciliation of net (loss) after tax to net cash flows from operations

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Net (loss)	(5,936)	(5,700)	(4,634)	(3,988)
Adjustments for:				
Depreciation	203	238	70	34
Interest paid	2	-	2	-
Rent incentive received	53	-	53	-
Goodwill impairment	1,391	-	1,343	-
Bad debts	(29)	29	(29)	29
Share-based payment expense	50	299	(4)	197
Loss on disposal of fixed assets	11	-	-	-
Foreign currency translation	91	240	-	-
Intercompany expense	-	-	4,670	3,511
Changes in assets and liabilities				
(Increase) / decrease in financial assets (current)	(279)	77	-	-
(Increase) / decrease in trade and other receivables	648	1,464	345	(1,438)
(Increase) / decrease in prepayments	(19)	21	(4)	-
(Increase) / decrease in accrued revenue	(622)	11	(382)	(11)
(Increase) / decrease in financial assets (non-current)	226	(302)	(133)	(150)
(Decrease) / increase in trade and other payables	4	710	(199)	924
(Decrease) / increase in provisions (current liabilities)	123	42	151	4
(Decrease) / increase in unearned revenue	1,442	(323)	-	35
(Decrease) / increase in non-current liabilities	224	33	162	57
(Decrease) / increase in intercompany balances	-	-	(4,111)	(3,411)
Net cash used in operating activities	(2,417)	(3,161)	(2,700)	(4,207)

8. Trade and Other Receivables (current)

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Trade receivables	1,835	2,250	1,505	1,646
Allowance for doubtful debts	-	(29)	-	(29)
Other receivables	70	27	58	-
	1,905	2,248	1,563	1,617

(a) Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 30-90 day terms. A provision for impairment loss previously made relating to the US entity was reversed.

At 30 June, the ageing analysis of trade receivables is as follows:

		Total	0-30 days	31-60 days	61-90 days	+91 days*
2008	Consolidated	1905	1,440	351	33	81
	Parent	1,563	1,251	288	-	24
2007	Consolidated	2,248	1,986	104	147	12
	Parent	1,617	1,461	-	144	11

* Past due but not impaired

Amounts past due normal trading terms but not impaired are considered fully recoverable.

(b) Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

(c) Foreign exchange and interest rate risk

Detail regarding foreign exchange and interest rate risk exposure is disclosed in note 22.

9. Financial Assets

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current				
Term deposits (i)	341	62	283	-
Non-Current				
Rental Bonds (ii)	185	275	6	6
Performance Guarantee Deposit	-	150	-	150
	185	425	6	156

(i) Term deposits are typically made for periods greater than three months and usually are subject to a bank guarantee held by an unrelated party as security. Interest is earned at the respective term deposit rate.

(ii) Rental bonds are amounts paid to landlords as financial security in respect of office space leased. They are subject to fixed interest rates.

10. Accrued Revenue

Revenue is accrued when a service is performed but not yet invoiced. Service revenue is invoiced in arrears and accrued monthly.

11. Property, Plant and Equipment

	CONSOLIDATED				PARENT			
	Furniture & Fittings $'000	Office & computer equipment & software $'000	Leasehold Incentive, Furniture & Fittings (i) $'000	Total $'000	Furniture & Fittings $'000	Office & computer equipment & software $'000	Leasehold Incentive, Furniture & Fittings (i) $'000	Total $'000
Year ended 30 June 2008								
At 1 July 2007, net of accumulated depreciation	68	218	-	286	7	66	-	73
Additions	103	183	209	495	94	107	209	410
Internal transfers	-	-	-	-	-	-	-	-
Disposals	(12)	-	-	(12)	-	-	-	-
Depreciation for the year	(34)	(159)	(10)	(203)	(3)	(57)	(10)	(70)
At 30 June 2008, net of accumulated depreciation	125	242	199	566	98	116	199	413
At 1 July 2007								
Cost or fair value	454	1,869	-	2,323	8	113	-	121
Accumulated depreciation	(386)	(1,651)	-	(2,037)	(1)	(47)	-	(48)
Net carrying amount	68	218	-	286	7	66	-	73
At 30 June 2008								
Cost or fair value	250	1,636	209	2,095	102	219	209	530
Accumulated depreciation	(125)	(1,394)	(10)	(1,529)	(4)	(103)	(10)	(117)
Net carrying amount	125	242	199	566	98	116	199	413

(i) On 1 March 2008, the Parent Entity moved to new premises at 115 Pitt Street, Sydney. As part of the move, the landlord provided a lease incentive payment of $209,195 to move into the premises, which contributed to the overall fit-out costs of the new premises. The lease incentive assets are depreciated on a monthly basis. Lease incentive payments amortised for 2008 is $9,962.

11. Property, Plant and Equipment (continued)

	CONSOLIDATED			PARENT		
	Furniture & Fittings	Office & computer equipment & software	Total	Furniture & Fittings	Office & computer equipment & software	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 30 June 2007						
At 1 July 2006, net of accumulated depreciation	100	275	375	-	56	56
Additions	22	127	149	8	43	51
Internal transfers	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Depreciation for the year	(54)	(184)	(238)	(1)	(33)	(34)
At 30 June 2007, net of accumulated depreciation	68	218	286	7	66	73
At 1 July 2006						
Cost or fair value	432	1,743	2,175	-	70	70
Accumulated depreciation	(332)	(1,468)	(1,800)	-	(14)	(14)
Net carrying amount	100	275	375	-	56	56
At 30 June 2007						
Cost or fair value	454	1869	2323	8	113	121
Accumulated depreciation	(386)	(1,651)	(2,037)	(1)	(47)	(48)
Net carrying amount	68	218	286	7	66	73

12. Goodwill

	CONSOLIDATED			
	NextSet $'000	TMS $'000	Halcyon (a) $'000	Total $'000
At 1 July 2006				
Cost (gross carrying amount)	1,548	1,073	-	2,621
Additions	-	12	2,048	2,060
Impairment loss	-	-	-	-
At 30 June 2007	1,548	1,085	2,048	4,681
At 1 July 2007				
Cost (gross carrying amount)	1,548	1,085	2,048	4,681
Additions	-	-	-	-
Impairment loss	(1,343)	(48)	-	(1,391)
At 30 June 2008	205	1,037	2,048	3,290

	PARENT			
	NextSet $'000	TMS $'000	Halcyon (a) $'000	Total $'000
At 1 July 2006				
Cost (gross carrying amount)	1,548	-	-	1,548
Additions	-	-	2,048	2,048
Impairment loss	-	-	-	-
At June 2007	1,548	-	2,048	3,596
At 1 July 2007				
Cost (gross carrying amount)	1,548	-	2,048	3,596
Additions	-	-	-	-
Impairment loss	(1,343)	-	-	(1,343)
At June 2008	205	-	2,048	2,253

(a) Halcyon acquisition

On 1 October 2006, IT&e Limited acquired the business, employees and principals of Halcyon Information Systems Pty Ltd ("Halcyon"), an established Melbourne, Australia based provider of risk management and financial markets consulting services.

The provisional acquisition accounting undertaken by the Company has been finalised and the total purchase price has been allocated as goodwill as provided for under AASB 3.

12. Goodwill (continued)

The contribution of the Halcyon business to the net profit of the Group since acquisition has not been disclosed as the operations and employees were integrated into existing operating divisions, and are not reported separately. As a result, the Group profit and revenue from operations had the business combination been effected at the start of the year have also not been disclosed. For the purposes of impairment testing, existing and new service agreements generated by the acquired employees, associated delivery costs and pro-rata corporate expenditure are utilised in the value-in-use calculations.

13. Impairment testing of Goodwill

Goodwill acquired through business combinations have been allocated to three individual cash generating units for impairment testing as follows:

- Halcyon cash generating unit
- TMS cash generating unit
- NextSet cash generating unit

Halcyon cash generating unit

The recoverable amount of the Halcyon cash generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a five year period.

The pre-tax discount rate applied to cash flow projections is 18% (2007: 18%). No cash flows are assumed beyond the five year period reflecting the uncertain nature of the technology sector.

TMS cash generating unit

The recoverable amount of the TMS cash generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a five year period.

The pre-tax discount rate applied to cash flow projections is 18% (2007: 18%). No cash flows are assumed beyond the five year period reflecting the uncertain nature of the technology sector.

The majority of the TMS revenue and costs are incurred in North America.

NextSet cash generating unit

The recoverable amount of the NextSet cash generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a five year period.

The pre-tax discount rate applied to cash flow projections is 18% (2007: 18%). No cash flows are assumed beyond the five year period reflecting the uncertain nature of the technology sector.

Impairment losses recognised

TMS

As a result of the weakening of the US exchange rate since the acquisition, an impairment loss of $48,081 was recognised for operations in the 2008 financial year.

NextSet

As a result of the loss of a client during 2008 the value in use calculation has projected a significant impairment in the value of the NextSet cash generating unit. An impairment loss of $1,343,282 on NextSet goodwill was recognised for operations in the 2008 financial year.

As comprehensively reported in the Directors' Report, the Directors have not sought independent third party evidence as to the fair value of the asset. In the absence of there being an active market as defined under the accounting standard the Directors have relied on the discounted cash flows in their determination of the goodwill impairment.

Please refer to the note 12 for the carrying amount of goodwill for the Halcyon, TMS and NextSet cash generating units.

Key assumptions used in value in use calculations for the Halcyon, TMS and NextSet cash generating units for 30 June 2008 and 30 June 2007.

The following describes each key assumption on which management has based its cash flow projections when determining the value in use of the Halcyon, TMS and NextSet cash generating units.

Budgeted gross margins

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year, increased for expected efficiency improvements. Thus, values assigned to gross margins reflect past experience.

13. Impairment testing of Goodwill (continued)

Cost and salary growth rates

The basis used to determine the value assigned to the cost and salary growth rates is 3% which is the current inflation rate. Values assigned to this key assumption are consistent with external sources of information.

Sensitivity analysis of key assumptions

Management has noted that sensitivity analysis performed through increasing the discount rate used from 18% to 20% has not resulted in any potential write-down in the value of the Halcyon goodwill valuations as at 30 June 2008.

14. Share-based payment plans

Employee Share Option and Acquisition Plan

The Company has in place an Employee Share Option Plan ("ESOP") and an Employee Share Acquisition Plan ("ESAP"). , The Board obtained shareholder approval at the 2003 AGM to issue up to 15% of its issued share capital in securities under the ESOP and ESAP.

ESOP

Under the ESOP, the Board is able to grant options to eligible employees, which include all full time employees of the Company and its Directors (grants to Directors however require shareholder approval). The terms and conditions of the grant are to be determined by the Board, and at the time of this report, options are on issue under four series with different conditions as follows:

NextSet Options

Under the NextSet Acquisition Agreement approved by shareholders, employees of the NextSet business were able to be issued up to 2,000,000 options on the same terms and conditions as Series 1 options. No further NextSet options will be issued.

Series 1 and 2

Series 1 options were granted in 2002 and are three year call options exercisable at $0. 20 per option. The holder must be an employee when options are exercised.

Series 2 options were issued in November 2003 with shareholder approval during the AGM. They are exercisable at $0. 25 per option, and have the following vesting conditions:

- Total Shareholder Return (TSR)

  The TSR rate (being the combination of share price increase and dividend payments) must increase by 33%, 66% and 100% for 33%, 66% and 100% of the options respectively to vest. This must occur within three years of the date of grant; and

- Options must be exercised within three years of vesting, and the holder must be an employee or Director when exercising.

Series 3

Series 3 options were issued in April 2004 and are five year call options exercisable at $0. 32. Options vest over a three year period in 36 consecutive monthly instalments; however no options can be exercised in the 12 months after the date of grant. The holder must be an employee or Director when options are exercised.

Directors' Options

Director's options were issued on 18 November 2004 following shareholder approval. The options are five year call options exercisable at $0. 32. Options vest over a three year period in 36 consecutive monthly instalments; however no options can be exercised in the 12 months after the date of grant. The holder must be Director when options are exercised.

IT&e ESOP Options

IT&e ESOP options were issued to new employees at various dates during the year to 30 June 2008. The options are five year call options with an exercise price range from $0. 20 to $0. 34. Options vest over a three year period in 36 consecutive monthly instalments; however no options can be exercised in the 12 months after the date of grant.
The holder must be an employee or Director when options are exercised.

The expense recognised in the income statement in relation to share-based payments is disclosed in the income statement.

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year:

14. Share-based payment plans (continued)

		2008 No. ('000)	2008 WAEP	2007 No. ('000)	2007 WAEP
Outstanding at the beginning of the year	14(a)	21,477	$0.27	20,168	$0. 29
Granted during the year	14(b)	950	$0.06	7,567	$0. 20
Lapsed/Forfeited during the year	14(c)	6,417	-	6,093	-
Exercised during the year	14(c)	-	-	-	-
Expired during the year	14(c)	29	$0.20	165	$0. 20
Outstanding at the end of the year	14(d)	15,981	$0.27	21,477	$0. 27
Exercisable at end of year		12,870	$0.23	14,085	$0. 24

(a) Options outstanding at the beginning of the year

No. and Series		Grant date	Vesting *	Expiry *	WAEP
1,565,419	Series 2	30. 11. 03	30. 11. 06	30. 11. 09	$0. 25
219,500	NextSet	28. 02. 04	28. 02. 04	28. 02. 07	$0. 20
5,600,000	Series 3	29. 04. 04	29. 04. 05 - 29. 04. 07	29. 04. 07	$0. 32
3,400,000	Directors	18. 11. 04	18. 11. 04 - 18. 11. 07	18. 11. 09	$0. 32
6,575,000	IT&e ESOP	31. 08. 04-16. 11. 04	31. 08. 05 - 31. 08. 07	31. 08. 09 - 16. 11. 09	$0. 26
2,000,000	IT&e ESOP (Halcyon)	17. 11. 06	17. 11. 09	17. 11. 11	$0. 20
2,116,705	Hoodless	12. 12. 06	12. 12. 06	12. 12. 11	$. 012

(b) Options granted during the year

No. and Series		Grant date	Vesting date *	Expiry date *	WAEP
950,000	IT&e ESOP	30. 09. 07	30. 09. 10	30. 09. 12	$0. 20

14. Share-based payment plans (continued)

(c) Options exercised or expired during the year

The following table summarises information about options exercised or lapsed during the year ended 30 June 2008

Number of options	Option series	Grant date	Exercise date	Expiry date	WAEP	Proceeds from shares issues	Number of shares issued	Issue date	Fair value of shares issued
666,666	Series 2	30. 11. 03	30. 11. 06	30. 11. 09	$0. 25	-	-	-	-
29,167	NextSet	28. 02. 04	28. 02. 04	28. 02. 07	$0. 20	-	-	-	-
1,400,000	Series 3	29. 04. 04	29. 04. 07	29. 04. 09	$0. 32	-	-	-	-
4,350,000	IT&e ESOP	29. 04. 04	29. 04. 07	29. 04. 09	$0. 32	-	-	-	-

No options were exercised by employees during the year ended 30 June 2008.

A total of 29,167 of NextSet options expired during the year. A total of 6,416,666 lapsed/forfeited during the year.

Fair value of shares issued during the reporting period is the market price of IT&e Limited shares on the ASX as at close of trade on their respective issue dates.

(d) Options outstanding at the end of the year

No. and Series	Option series	Grant date	Vesting date *	Expiry date *	WAEP
898,753	Series 2	30. 11. 03	30. 11. 06	30. 11. 09	$0. 25
190,333	NextSet	28. 02. 04	28. 02. 04	28. 02. 07	$0. 20
4,200,000	Series 3	29. 04. 04	29. 04. 05 - 29. 04. 07	29. 04. 09	$0. 32
3,400,000	Director's	18. 11. 04	18. 11. 04 - 18. 11. 07	18. 11. 09	$0. 32
3,175,000	IT&e ESOP	31. 08. 04 -16. 11. 04	31. 08. 05 - 31. 08. 07	31. 08. 09 - 16. 11. 09	$0. 22
2,000,000	IT&e ESOP (Halcyon)	17. 11. 06	17. 11. 09	17. 11. 11	$0. 20
2,116,705	Hoodless	12. 12. 06	12. 12. 06	12. 12. 11	$0. 12

Note: * Dates provided are the latest date by which options can vest or expire.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2008 is between 1 and 4 years (2007: 1 and 4 years).

The range of exercise prices for options outstanding at the end of the year was $0. 20 - $0. 34.

The weighted average fair value of options granted during the year was $0. 20 (2007: $0. 20).

14. Share-based payment plans (continued)

The following table lists the inputs to the Black-Scholes and Monte Carlo option pricing models used for the years ended 30 June 2007 and 30 June 2008:

	2008	2007
Expected volatility (%)	100%	100%
Risk-free interest rate (%)	5. 03%-5. 91%	5. 03% - 5. 91%
Expected life of option (years)	3 – 4. 5	3 – 4. 5
Option exercise price ($)	0. 20 – 0. 34	0. 20 – 0. 34
Weighted average share price at grant date ($)	0. 27	0. 27

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

ESOP

The Company has established an Employee Share Option Plan ("ESOP") for which shareholder approval was provided on 30 November 2003. The ESOP enables the company to issue up to 15% of its issued share capital in securities under the ESOP and ESAP.

Under the ESOP rules, the Company may offer Directors and employees remuneration in the form of shares as part of incentive arrangements. The determination of eligible employees and the terms and conditions of the offer to such employees, will be determined by the Directors from time to time having regard to the needs of the Company.

ESOP options were issued to new employees at various dates during the year to 30 June 2008. The options are five year call options with an exercise price range from $0. 20 to $0. 34. Options vest over a three-year period in 36 consecutive monthly instalments; however no options can be exercised in the 12 months after the date of grant. The holder must be an employee or Director when options are exercised.

The expense recognised in the income statement in relation to share-based payments is disclosed in the income statement.

Adoption of IFRIC Interpretation 11

The Group has adopted IFRIC Interpretation 11 and recorded in the Parent Entity an increase in investment for the share-based payments recorded in the subsidiary's books. An adjustment was required to retrospectively recognise share based payments granted after 1 July 2005 which has resulted in a change to the 2007 comparative numbers for Investments in Controlled Entities and Other Reserves.

The effect of the change in accounting policy on the Parent Entity:

Prior Year

Increase in Investment in Subsidiaries	$434,402
Increase in Equity (Other reserves)	($434,402)

Current Year

Increase in Investment in Subsidiaries	$54,145
Increase in Equity (Other reserves)	($54,145)

There is nil effect on Profit and no effect on the Consolidated Entity.

Refer to Note 24 – Related Party Disclosures for further details of the effect of the introduction of Interpretation 11 on the Investments in Controlled Entities.

ESAP

The Company has established an ESAP for which shareholder approval was given on 18 July 2000 and renewed on 30 November 2003. The ESAP enables all employees of the Company to invest in the equity of the Company as part of their remuneration. Australian employees will be able to take advantage of certain tax concessions by participating in the ESAP. The terms of the ESAP rules have been drafted to satisfy the requirements of the tax deferral concessions.

Under the ESAP rules, Directors may offer participant employees remuneration in the form of shares as part of the employee's incentive arrangements. ,The determination of eligible employees and the terms and conditions of the offer to such employees will be determined by the Directors from time to time, having regard to the needs of the Company.

The terms of the ESAP allow the Company to issue matching share component at nil consideration to the shares acquired by the employees. During the year, the Company issued 55,000 matching shares at nil consideration (2007: nil). The fair value of shares issued is $3,000 (2007: $9,000).

15. Trade and Other Payables (current)

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Trade payables (i)	1,905	1,787	1,069	1,230
Employee related benefits payable (ii)	162	161	74	50
Other taxes payable	74	134	74	67
	2,141	2,082	1,217	1,347

(i) Trade payables are non-interest bearing and are normally settled on 30 to 60-day terms.
(ii) Employee related benefits payable comprise of superannuation payable.

(a) Fair value
Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) Interest rate, foreign exchange and liquidity risk
Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in note 22.

16. Current Tax Liabilities

There is no provision in 2008 for current tax liabilities relating to estimates of income tax payable for IT&e (UK) Ltd. (2007: $18,253).

17. Unearned Revenue

Revenue is classified as unearned when it is billed in advance of software support and maintenance service delivery. Software support and maintenance contracts are invoiced annually and revenue is recognised evenly over the period of the contract.

18. Due to related parties within wholly owned group

Related party amounts result from transactions in relation to the parent company meeting the working capital requirements of subsidiaries. In addition, IT&e (UK) Limited, IT&e Global Inc. and IT&e Limited have entered into Services Agreements for the provision of services in relation to i) sales and pre-sales activity, ii) software support, iii) implementation activities, and iv) customer support, training and project management. Costs for such services are reimbursed with a mark up of 7%. Settlement is within 90 days but it may vary. The total amount of transactions with related parties within the wholly owned group for the year is $4,720,618 (2007: $3,679,909), and the balance payable by IT&e Limited to its subsidiaries at 30 June 2008 is $5,678,276 (2007: $5,503,125).

Further, IT&e Limited and IT&e India Pte Limited have a Software Development Services agreement for the provision of services in relation to development and enhancement of software. Costs for such services are reimbursed by IT&e Limited with a mark up of 12. 85%. Settlement is generally within 30 days.

19. Provisions

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current				
Annual Leave	847	761	402	320
Non-current				
Long service leave	333	271	196	161

Nature and timing of provisions

Annual and long service leave

Refer to note 2(u) for the relevant accounting policy and a discussion of the significant estimations and assumptions applied in the measurement of this provision.

20. Non-current Liabilities

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Non-current				
Lease Liability (i)	262	-	262	-
Convertible Loan (ii)	164	-	164	-
	426	-	426	-

(i) On 1 March 2008, the Parent Entity moved to new premises at 115 Pitt Street Sydney. As part of the move, the landlord provided a rent reduction incentive being equal to a 50% reduction in monthly rent payable for the first 18 months of occupation ($254,827). The rental incentive income and corresponding rental expense will be amortised on a straight line basis over the rent reduction period of the lease, being 18 months. Rent reduction incentive amortised for 2008 is $12,134.

In addition, the landlord provided lease incentive payments of $209,195 to move into the premises, which contributed to the overall fit-out costs of the new premises. The lease incentive assets are depreciated on a monthly basis. Lease incentive payments amortised for 2008 is $9,962.

(ii) On 5 June 08, the company entered into a 2-year convertible interest bearing loan with all directors and senior executives. , At the end of the loan period, the Directors and senior Executives will be re-paid the loan plus interest or can elect to convert the loan into ordinary share capital where the company is not in a share close period. ,

Refer to note 27 – Director and Executive Disclosures for further details of the convertible loan.

(a) Fair value

Due to their nature, the carrying amount of the Group's convertible loan approximates there fair value.

(b) Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in note 22.

20. Non-current Liabilities (continued)

(c) Assets pledged as security

There are no assets pledged as security for the non-current interest bearing liabilities.

(d) Set-off assets and liabilities

There are no assets pledged as security for the non-current interest bearing liabilities.

(e) Defaults and breaches

During the current and prior years, there were no defaults or breaches on any of the loans.

Payroll Facility

In April 2008, the Parent entity established a payroll facility with the ANZ Bank with a limit of $400,000. A first registered company charge (Mortgage Debenture) was taken over the assets of IT&e Limited. The fixed and floating charge is over all present and future assets, undertakings (including goodwill) and unpaid/uncalled capital of the company. As of the date of this report, the facility has not been utilised.

There are no specific conditions which apply to this facility.

21. Contributed equity and reserves

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Ordinary Shares				
Issued and fully paid	52,212	49,273	52,212	49,273

Effective 1 July 1998, the Corporations legislation abolished the concepts of authorised capital and par value shares. Accordingly the Company does not have authorised capital or par value in respect of its issued capital.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	2008		2007	
Movement in ordinary shares on issue	Thousands	$'000	Thousands	$'000
Beginning of the financial year	234,585	49,273	196,378	46,144
Issued during the year				
- employee share scheme (i)	55	5	75	9
- capital raising (ii)	33,500	2,140	29,774	3,900
- cost of capital raising	-	-	-	(1,186)
- purchase of the TMS business (iii)	150	12	5,073	406
- purchase of the Halcyon business (iv)	3,017	782	3,285	-
End of the financial year	271,307	52,212	234,585	49,273

21. Contributed equity and reserves (continued)

i) Purchased by employees under the ESAP see note 14.

ii) On 7 December 2007, 16,000,000 shares were issued in a share placement with GBST Holdings Limited, raising $1.44m. On 4 June 2008, a further 17,500,000 shares were issued in a share placement with GBST Limited (8,750,000 shares), UXC Limited (6,875,000 shares) and Hunter Hall Limited (1,875,000), raising $700k.

iii) TMS acquisition: 150,000 shares were issued on 13 November 2007 related to Tranche 3 as part of the business sale agreement.

iv) Halcyon acquisition: on 12 December 2007, 3,017,455 shares were issued in accordance with the business sale agreement, for a total value of $782,049. 1,785,580 shares were issued as part of the first earn out period and 1,231,875 shares were issued related to Tranche 2.

Share Options

The company has an ESOP share based payment option schemes under which options to subscribe for the Company's shares have been granted to certain Executives and other employees (refer note 14).

Accumulated losses

Movements in accumulated losses were as follows:

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Balance 1 July	(46,778)	(41,078)	(51,744)	(47,756)
(Loss) for the year	(5,936)	(5,700)	(4,634)	(3,988)
Balance 30 June	(52,714)	(46,778)	(56,378)	(51,744)

Reserves

	CONSOLIDATED				PARENT			
	Foreign currency translation reserve $'000	Acquisition earn-out equity reserve $'000	Employee equity, benefits reserve $'000	Total $'000	Foreign currency translation reserve $'000	Acquisition earn-out equity reserve $'000	Employee equity, benefits reserve $'000	Total $'000
Consolidated								
At 30 June 2006*	(177)	418	2,776	3,017	-	418	3,109	3,527
Currency translation differences	240	-	-	240	-	-	-	-
Share earn-out	-	(418)	-	(418)	-	(418)	-	(418)
Share-based payments*	-	-	289	289	-	-	289	289
Shares payments – Halcyon	-	-	824	824	-	-	824	824
Capital Expense – AIM Listing options	-	-	25	25	-	-	25	25
At 30 June 2007*	63	-	3,914	3,977	-	-	4,247	4,247
Currency translation differences	87	-	-	87	-	-	-	-
Share earn-out	-	-	(12)	(12)	-	-	(12)	(12)
Share-based payments	-	-	48	48	-	-	45	45
Shares payments –Halcyon	-	-	(782)	(782)	-	-	(782)	(782)
At 30 June 2008	150	-	3,168	3,318	-	-	3,498	3,498

21. Contributed equity and reserves (continued)

*** Adoption of IFRIC Interpretation 11**
The Group has adopted IFRIC Interpretation 11 and recorded in the Parent Entity an increase in investment for the share-based payments recorded in the subsidiary's books. An adjustment was required to retrospectively recognise share based payments granted after 1 July 2005 which has resulted in a change to the 2007 comparative numbers for Investments in Controlled Entities and Other Reserves.

The effect of the change in accounting policy on the Parent Entity:

Prior Year
Increase in Equity (Other reserves) $434,402

Current Year
Increase in Equity (Other reserves) $54,145

There is nil effect on Profit and no effect on the Consolidated Entity.

Refer to note 24 – Related Party Disclosures for further details of the effect of the introduction of Interpretation 11 on the Investments in Controlled Entities.

Nature and purpose of reserves

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations with a functional currency other than AUD.

Acquisition earn-out equity reserve
The acquisition earn-out equity reserve is used to record a reasonable estimate of the likely equity to be issued in relation to earn-out targets pertaining to the acquisition of TMS (refer to note 12). An equity reserve is used to record this amount due to a fixed number of equity instruments to be issued.

Share-based payments expense reserve
The reserve is used to record the value of share options provided to employees and Directors as part of their remuneration. Refer to note 14 for further details of this plan.

Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to create returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management adjusts the capital structure in line with the Company's needs and considering the market environment. As the market is constantly changing, management may issue new shares or sell assets to reduce debt and provide funding.

During 2008, management paid dividends of $0 (2007: $0). Management may issue further capital in the next year if deemed appropriate.

Management monitor capital through the gearing ratio (net debt / total capital). Management has no plans to increase debt levels over the current period. The gearing ratios based on continuing operations at 30 June 2008 and 2007 were as follows:

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Total borrowings *	2,305	2,082	1,381	1,347
Less cash and cash equivalents	(1,604)	(2,429)	(224)	(1,246)
Net Debt	701	(347)	1,157	101
Total equity	2,816	6,472	(668)	1,776
Total capital	3,517	6,125	489	1,877
Gearing ratio	20%	(6%)	236%	5%

* Includes interest bearing loans and borrowings and trade and other payables
The Group is not subject to any externally imposed capital requirements.

22. Financial Risk Management Objectives and Policies

Financial Risk Management objectives

The principal objective of IT&e Limited's (the Group) Financial Risk Management (FRM) strategy is to establish a robust structure for the determination of risk appetite and the measuring, monitoring, reporting and escalation of financial risks. The Group seeks to manage financial risks to maximise the return on shareholder capital, while ensuring:

– the Group remains solvent; and

– there is sufficient cash flow available to execute the operational strategy set by the Group Board of Directors (the Board).

The Group's FRM is carried out in accordance with policies set by the Board. These policies are set out in the Group's FRM Policy and they provide a clear structure for managing financial risks including delegations, escalations and reporting. The FRM Policy also outlines the Group's financial risk management objectives and identifies organisational responsibilities for the implementation of the FRM Policy. The FRM Policy provides an overview of each of the key financial risks including the nature of the risk, objectives in seeking to manage the risk, the key policy variables for the management of the risk and the regional responsibility for managing and reporting the risk.

Financial Risk Management structure

The Board has ultimate responsibility for risk management and governance, including ensuring an appropriate risk framework is in place and is operating effectively. There are, however, other bodies and individuals within the Group that manage and monitor financial risks.

The Board

The Board is responsible for the approval of the FRM Policy, shareholder capital investment strategy, capital and financing plans, approval of transactions outside of FRM policy and setting the financial risk appetite.

The Audit Committee

The Group Audit Committee is responsible for ensuring the existence of effective financial risk management policies and procedures, and oversight of the execution of the FRM Policy.

Controlled entity boards

The Directors and Boards of various Group operating controlled entities are required to comply with the Board approved risk appetite.

Risks and mitigation

The Group's principal financial instruments comprise cash and short-term deposits, trade and other payables, and a convertible loan. The Group's activities expose it to a variety of financial risks:

– market risk, including interest rate risk, price risk and currency risk;

– liquidity and re-financing risk; and

– credit risk.

The major risks associated with financial instruments and the Group's policies for managing these risks are set out below.

(a) Market risk

Market risk is the risk of loss arising from movements in market variables including observable variables such as interest rates, exchange rates and indirectly observable variables such as volatilities and correlations.

(i) Interest rate risk

Interest rate risk is the risk to the Group's earnings and capital arising from movements in interest rates, including changes in the absolute levels of interest rates, the shape of the yield curve, the margin between different yield curves and the volatility of interest rates.

At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

22. Financial Risk Management Objectives and Policies (continued)

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Financial Assets				
Cash and cash equivalents	1,604	2,429	224	1,246
Financial Liabilities				
Convertible Loan	164	-	164	-
Net Exposure	1,440	2,429	60	1,246

The Group regularly analyses its interest rate exposure and it is the Group's policy to wherever possible, fund operations from non-interest bearing instruments. At balance date, management has determined through sensitivity analysis, with all other variables held constant, the risk exposure to the Group of a change in Australian variable interest rates is minimal.

(ii) Price risk

The Group does not deal in any commodity contracts or have any investments in equity securities. Management has determined that the group's exposure to commodity and equity securities price risk is minimal.

(iii) Currency risk

As a result of operations in foreign countries, the Group has transactional currency exposures. Such exposures arise from sales or purchases by an operating unit in currencies other than the unit's functional currency.

The Group does not hedge the capital invested in overseas operations, thereby accepting the foreign currency translation risk on invested capital.

To minimise transactional risk, the Group naturally reduces currency exposure by paying all wages and foreign unit expenses from foreign currency collections.

Approximately 62% of the Group's sales are denominated in currencies other than the functional currency of the operating entity making the sale, whilst almost 82% of costs are denominated in the unit's functional currency.

At 30 June 2008, the Group had the following net exposure to US$ & GBP foreign currency that is not designated in cash flow hedges:

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Financial assets				
Cash and cash equivalents	1,043	133	-	-
Trade & other receivables	1,596	469	-	-
	2,639	602	-	-
Financial liabilities				
Trade & other creditors	428	52	-	-
Net exposure	2,211	550	-	-

Management has determined through sensitivity analysis and due to the Group's management of currency exposure, the overall Group exposure to currency risk is minimal.

22. Financial Risk Management Objectives and Policies (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its debt obligations, or other cash outflows, as they fall due, because of lack of liquid assets or access to adequate funding on acceptable terms.

The remaining contractual maturities of the Group's and Parent entity's financial liabilities are:

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Less than 30 days	507	468	197	210
31-60 days	417	292	175	228
61-90 days	720	696	6,151	5,793
Less than 1 yr	497	343	372	318
Greater than 1 yr	223	301	223	301
	2,364	2,100	7,118	6,850

To ensure that the Group has sufficient funds available on a timely basis, in the form of cash, liquid assets, and borrowing capacity to meet its liquidity requirements, the Group maintains a defined surplus of cash plus projected cash inflows over projected outflows in a going-concern scenario, while meeting regulatory requirements and internal management guidelines.

Maturity analysis of financial assets and liability based on management's expectations

The following table summarises the maturity profile of the Group's financial assets and liabilities at year end, based on contractual undiscounted repayment of obligations. These assets and liabilities are considered in the Group's overall liquidity risk.

To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Group has established comprehensive risk reporting covering its worldwide business units that reflects expectations of management of expected settlement of financial assets and liabilities.

Year ended 30 June 2008	Less than 30 days $'000	31-60 days $'000	61-90 days $'000	Less than 1 yr $'000	Greater than 1 yr $'000	Total $'000
Consolidated						
Financial assets						
Cash & cash equivalents	1,604	-	-	-	-	1,604
Trade & other receivables	1,440	351	33	81	-	1,905
	3,044	351	33	81	-	3,509
Financial liabilities						
Trade and other payables	507	417	720	497	-	2,141
Convertible Loan	-	-	-	-	223	223
	507	417	720	497	223	2,364
Net maturity	2,537	(66)	(687)	(416)	(223)	1,145

22. Financial Risk Management Objectives and Policies (continued)

Year ended 30 June 2008	Less than 30 days $'000	31-60 days $'000	61-90 days $'000	Less than 1 yr $'000	Greater than 1 yr $'000	Total $'000
PARENT						
Financial Assets						
Cash & cash equivalents	224	-	-	-	-	224
Trade & other receivables	1,251	288	-	24	-	1,563
	1,475	288	-	24	-	1,787
Financial liabilities						
Trade and other payables	196	175	474	372	-	1,217
Due to related parties within wholly owned group	-	-	5,678	-	-	5,678
Convertible Loan	-	-	-	-	223	223
	196	175	6,152	372	223	7,118
Net maturity	1,279	113	(6,152)	(348)	(223)	(5,331)

Year ended 30 June 2007	Less than 30 days $'000	31-60 days $'000	61-90 days $'000	Less than 1 yr $'000	Greater than 1 yr $'000	Total $'000
CONSOLIDATED						
Financial assets						
Cash & cash equivalents	2,429	-	-	-	-	2,429
Trade & other receivables	1,986	104	147	12	-	2,249
	4,415	104	147	12	-	4,678
Financial liabilities						
Trade and other payables	468	292	696	325	301	2,082
Current tax liabilities	-	-	-	18	-	18
	468	292	696	343	301	2,100
Net maturity	3,947	(188)	(549)	(331)	(301)	(2,578)
Parent						
Financial assets						
Cash & cash equivalents	1,246	-	-	-	-	1,246
Trade & other receivables	1,461	-	144	11	-	1,616
	2,707	-	144	11	-	2,862
Financial liabilities						
Trade and other payables	210	228	290	318	301	1,347
Due to related parties within wholly owned group	-	-	5,503	-	-	5,503
	210	228	5,793	318	301	6,850
Net maturity	2,497	(228)	(5,649)	(307)	(301)	(3,988)

22. Financial Risk Management Objectives and Policies (continued)

(c) Credit risk

Credit risk is the risk of loss that arises from a client failing to meet their contractual commitments in full and on time.

The Group manages credit risk by ensuring:-

- trading only with recognised, creditworthy third parties (major customers are large listed corporations);
- that all customers who wish to trade on credit terms are subject to credit verification procedures;
- that receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Management has determined that the Group's exposure to credit risk at 30 June 2008 is minimal.

(d) Fair value

The methods for estimating fair value are outlined in the relevant notes to the financial statements.

23. Commitments and Contingencies

Operating lease commitments – Group as lessee

The Group has entered into commercial leases for office space occupied in Sydney, New York, London and Chennai.

	CONSOLIDATED		PARENT	
Operating lease commitments - Group as lessee	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:				
Within one year	415	670	185	356
After one year but not more than five years	1,823	338	1,642	-
After more than five years	672	-	672	-
Total minimum lease payments	2,910	1,008	2,499	356

Contingencies

As at 30 June 2008, the Group had term deposits totalling $341,118 (2007: $62,193) held as bank guarantees comprised of security deposits for rental premises.

In addition, note 24 details the Deed of Cross Guarantee entered into in the 2006 financial year. The extent to which an outflow of funds will be required is dependent on the future operations of the entities that are party to the Deed of Cross Guarantee. No liability is expected to arise. The Board has assessed the probability of any liabilities arising from the deed to be low at balance date, and accordingly, no amounts were recognised. The Deed of Cross Guarantee will continue to operate indefinitely.

24. Related Party Disclosures

Subsidiaries

The consolidated financial statements include the financial statements of IT&e Limited and the subsidiaries listed in the following table:

Name	Country of incorporation	% EQUITY INTEREST 2008	% EQUITY INTEREST 2007	INVESTMENTS ($'000) 2008	INVESTMENTS ($'000) 2007*
IT&e Commerce Solutions Pty Limited ^	Australia	100	100	1,848	1,837
IT&e Software India Private Limited (formerly NextSet Software Development Technology (India) Private Ltd)	India	100	100	247	247
IT&e Global Inc (a)	USA	100	100	24	8
IT&e (UK) Limited (a)	UK	100	100	273	247
				2,392	2,339

* Adoption of IFRIC Interpretation 11

The Group has adopted IFRIC Interpretation 11 and recorded in the Parent Entity an increase in investment for the share-based payments recorded in the subsidiary's books. An adjustment was required to retrospectively recognise share based payments granted after 1 July 2005 which has resulted in a change to the 2007 comparative numbers for Investments in Controlled Entities and Other Reserves.

The effect of the change in accounting policy on the Parent Entity:

Prior Year
Increase in investment in subsidiaries $434,402

Current Year
Increase in investment in subsidiaries $54,145

There is no effect on the consolidated entity.

Refer to Note 14 – Share Based Payment Plans for further details of the effect of the introduction of Interpretation 11 on share based payments expense.

^ Entities subject to class order

Pursuant to Class Order 98/1418, relief has been granted to IT&e Commerce Solutions Pty Limited from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports.

As a condition of the Class Order, IT&e Limited and IT&e Commerce Solutions Pty Limited (the "Closed Group") entered into a Deed of Cross Guarantee on 22 June 2006. The effect of the deed is that IT&e Limited has guaranteed to pay any deficiency in the event of winding up of the controlled entity or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entities have also given a similar guarantee in the event that IT&e Limited is wound up or if it does not meet its obligation under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The Board has assessed the probability of any liabilities arising from the deed to be low at balance date, and accordingly, no amounts were recognised.

Ultimate parent
IT&e Limited is the ultimate Australian parent entity and ultimate parent of the Group incorporated in Australia.

The consolidated income statement and balance sheet of the entities that are members of the "Closed Group" is as follows:

	CLOSED GROUP 2008 $'000	CLOSED GROUP 2007 $'000
Consolidated Income Statement		
Net (loss) for the period	(5,843)	(5,678)
(Accumulated losses) at the beginning of the period	(45,358)	(39,680)
(Accumulated losses) at the end of the period	(51,201)	(45,358)

24. Related Party Disclosures (continued)

	CLOSED GROUP	
	2008 $'000	2007 $'000
Consolidated Balance Sheet		
ASSETS		
Current Assets		
Cash and cash equivalents	526	2,109
Trade and other receivables	1,827	2,140
Financial Assets	283	62
Prepayments	57	56
Accrued revenue	962	339
Total Current Assets	3,655	4,706
Non-current Assets		
Financial Assets	9	159
Property, plant and equipment	484	193
Goodwill	2,252	3,596
Investments in controlled entities	2,392	1,905
Due to related parties within wholly owned group	417	1,041
Total Non-current Assets	5,554	6,894
TOTAL ASSETS	9,209	11,600
LIABILITIES		
Current Liabilities		
Trade and other payables	1,519	1,840
Current tax liabilities	-	1
Provisions	808	618
Unearned revenue	1,261	802
Total Current Liabilities	3,588	3,261
Non-Current Liabilities		
Convertible loan	164	-
Lease liability	262	-
Provisions	333	271
Total Non-Current Liabilities	759	271
TOTAL LIABILITIES	4,347	3,532
NET ASSETS	4,862	8,068
EQUITY		
Equity attributable to equity holders of the parent		
Contributed equity	52,211	49,273
(Accumulated losses)	(51,203)	(45,358)
Reserves	3,854	4,153
TOTAL EQUITY	4,862	8,068

24. Related Party Disclosures

Key management personnel

Details relating to key management personnel, including remuneration paid, are included in note 27.

Transactions with Related Parties

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year.

Related Party		Purchases from related parties	Other transactions with related parties
Parent			
Subsidiaries:			
Transfer pricing, transactions	2008	4,720,618	
	2007	3,679,909	
Share-based transactions	2008		54,145
	2007		434,402

Terms and conditions of transactions with related parties
Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms. Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash.

For the year ended 30 June 2008, the Group has not made any allowance for doubtful debts relating to amounts owed by related parties as the payment history has been strong (2007: nil). An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Group recognises an allowance for the impairment loss.

Loans between Directors and Senior Executives and IT&e Limited

On 5 June 2008, the company entered into a 2-year convertible interest bearing loan with all Directors and senior Executives whereby the Directors and senior Executives loaned the Company various sums to a maximum of $20,000 each.

This loan is interest bearing at 1% above the ANZ Bank rate for overdrafts in excess of $100,000.

At any time during the loan period, the Directors (subject to shareholder approval) and the senior Executives can elect to convert the loan together with all accrued interest into ordinary share capital. The right to convert is only exercisable in full on one occasion.

Hence, the convertible loan has been classified as an interest bearing financial liability on the balance sheet at 30 June 2008.

Further details relating to the loan between Directors, senior Executives, and IT&e Limited are included in note 27.

25. Events after the balance sheet 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.
Mr Maranis' termination benefits relate only to annual and long service that has been earned.

26. Auditors' Remuneration

The auditor of IT&e Limited is Ernst & Young.

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Amounts received or due and receivable by Ernst & Young (Australia) for:				
• an audit or review of the financial report of the entity and any other entity in the consolidated group	112,500	108,000	135,651	108,000
• other services in relation to the entity and any other entity in the consolidated group				
- tax compliance	34,276	23,899	34,276	23,899
- other assurance related services	23,151	55,000	-	55,000
- accounting advice	37,070	39,882	37,070	39,882
- LSX AIM listing and equity raising	-	64,015	-	64,015
	206,997	290,796	206,997	290,796
Amounts received or due and receivable by non Ernst & Young audit firms for:				
An audit or review of the financial report of subsidiaries	10,125	24,000	-	-
Taxation services of subsidiary services	41,183	11,000	-	-

27. Director and Executive disclosures

(a) Compensation of Key Management Personnel

(i) Compensation of Key Management Personnel

For the years ended 30 June 2007 and 30 June 2008 - refer to the tables on pages 13 to 17 in the Directors' Report, the Company has applied the option under Corporations Amendments Regulation 2006 to transfer key management personnel remuneration disclosures required by AASB 124 Related Party Disclosures paragraphs Aus 25/4 to Aus 25. 7. 2 to the Remuneration Report within the Directors' Report.

(ii) Compensation by Category: Key Management Personnel

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Short-term	2,233,079	2,831,815	1,166,794	1,339,692
Bonus	15,000	-	15,000	-
Other	241,448	441,453	97,167	345,365
Post employment	107,373	85,124	39,703	52,358
Termination benefits	52,440	-	-	-
Share-based payments	(25,778)	243,142	14,691	195,922
	2,623,562	3,601,534	1,333,355	1,933,337

27. Director and Executive disclosures

(b) Option holdings of Key Management Personnel (Consolidated)

30 June 2008	Balance at beginning of period 1 July 2007	Granted as Remuneration	Options Exercised	Net Change Other #	Balance at end of period 30 June 2008	Vested at 30 June 2008 Total	Vested at 30 June 2008 Exercisable	Vested at 30 June 2008 Not Exercisable
Directors								
E. Bugg	500,000	-	-	-	500,000	500,000	260,000	240,000
J. Maranis	2,000,000	-	-	-	2,000,000	2,000,000	2,000,000	-
S. Yencken	1,400,000	-	-	-	1,400,000	1,400,000	1,400,000	-
R. Pickering	-	-	-	-	-	-	-	-
J. Yuile	-	-	-	-	-	-	-	-
D. Bell	500,000	-	-	(500,000)	-	-	-	-
S. Simpson	500,000	-	-	(500,000)	-	-	-	-
G. Meekings	2,000,000	-	-	(2,000,000)	-	-	-	-
Executives								
N. Slack-Smith	1,400,000	-	-	-	1,400,000	1,400,000	1,400,000	-
A. Wood	-	-	-	-	-	-	-	-
J. Groetch	-	-	-	-	-	-	-	-
R. Bennett	-	700,000	-	-	700,000	700,000	-	700,000
M. Warne	1,400,000	-	-	-	1,400,000	1,400,000	1,400,000	-
J. Mantzios	1,400,000	-	-	-	1,400,000	1,400,000	1,400,000	-
C. Brooke	-	-	-	-	-	-	-	-
O. Carton	-	-	-	-	-	-	-	-
R. Watson	1,000,000	-	-	(1,000,000)	-	-	-	-
A. Arbelo	1,400,000	-	-	(1,400,000)	-	-	-	-
N. Sandery	500,000	-	-	(500,000)	-	-	-	-
Total	14,000,000	700,000	-	(5,900,000)	8,800,000	8,800,000	7,860,000	940,000

forfeitures due to resignations

During the year no options issued to Directors and senior Executives were exercised.

27. Director and Executive disclosures (continued)

(b) Option holdings of Key Management Personnel (Consolidated) (continued)

30 June 2007	Balance at beginning of period 1 July 2006	Granted as Remuneration	Options Exercised	Net Change Other #	Balance at end of period 30 June 2007	Vested at 30 June 2007 Total	Exercisable	Not Exercisable
Directors								
D. Bell	1,500,000	-	-	(1,000,000)	500,000	500,000	-	500,000
J. Maranis	2,000,000	-	-	-	2,000,000	2,000,000	1,740,000	260,000
S. Yencken	1,400,000	-	-	-	1,400,000	1,400,000	1,218,000	182,000
E. Bugg	-	500,000	-	-	500,000	500,000	95,000	405,000
S. Simpson	500,000	-	-	-	500,000	500,000	435,000	65,000
G. Meekings	-	2,000,000	-	-	2,000,000	2,000,000	380,000	1,620,000
R. Pickering	-	-	-	-	-	-	-	-
J. Yuile	-	-	-	-	-	-	-	-
Executives								
N. Slack-Smith	1,400,000	-	-	-	1,400,000	1,400,000	1,400,000	-
R. Watson	1,000,000	-	-	-	1,000,000	1,000,000	530,000	470,000
A. Arbelo	1,400,000	-	-	-	1,400,000	1,400,000	1,400,000	-
N. Sandery	500,000	-	-	-	500,000	500,000	435,500	64,500
J. Groetch	-	-	-	-	-	-	-	-
M. Warne	1,400,000	-	-	-	1,400,000	1,400,000	1,400,000	-
H. Feuga	-	-	-	-	-	-	-	-
J. Mantzios	1,400,000	-	-	-	1,400,000	1,400,000	1,400,000	-
F. Raiti	-	-	-	-	-	-	-	-
O. Carton	-	-	-	-	-	-	-	-
Total	12,500,000	2,500,000	-	(1,000,000)	14,000,000	14,000,000	10,433,500	3,566,500

includes forfeitures

During the year no options issued to Directors and senior Executives were exercised.

27. Director and Executive disclosures (continued)

(c) Shareholdings of Key Management Personnel (Consolidated)

Shares held in IT&e Limited (number)

30 June 2008	Balance 1 July 2007 Ordinary	Granted as Remuneration Ordinary	On Exercise of Options Ordinary	Net Change Other Ordinary	Balance 30 June 2008 Ordinary
Directors					
E. Bugg	275,000	-	-	-	275,000
S. Yencken	27,706,313	-	-	-	27,706,313
R. Pickering	-	-	-	-	-
J. Yuile	152,000	-	-	-	152,000
J. Maranis #	3,607,973	-	-	-	3,607,973
G. Meekings^	-	-	-	-	-
S. Simpson^	405,430	-	-	(405,430)	-
D. Bell^	1,000,000	-	-	(1,000,000)	-
Executives					
N. Slack-Smith	2,124,447	-	-	-	2,124,447
A. Wood	-	-	-	-	-
J. Groetch	-	-	-	-	-
M. Warne	1,144,680	-	-	-	1,144,680
R. Bennett	-	-	-	-	-
J. Mantzios	-	-	-	-	-
C. Brooke	-	-	-	-	-
O. Carton	139,945	-	-	-	139,945
F. Raiti^^	50,000	-	-	(50,000)	-
R. Watson^^	50,000	-	-	(50,000)	-
A. Arbelo^^	643,256	-	-	(643,256)	-
N. Sandery^^	37,326	-	-	(37,326)	-
Total	37,336,370	-	-	(2,186,012)	35,150,358

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Mr Maranis resigned from the Board on 11 September 2008. At that time Mr Maranis continued to hold his ordinary shares.

^ G. Meekings, S. Simpson and D. Bell resigned from the Board on 14 November 2007. At that time they continued to hold their ordinary shares.

^^ Employee resigned during the year. At that time they continued to hold their ordinary shares.

27. Director and Executive disclosures (continued)

(c) Shareholdings of Key Management Personnel (Consolidated) (continued)

Shares held in IT&e Limited (number)

30 June 2007	Balance 1 July 2006 Ordinary	Granted as Remuneration Ordinary	On Exercise of Options Ordinary	Net Change Other Ordinary	Balance 30 June 2007 Ordinary
Directors					
D. Bell	1,000,000	-	-	-	1,000,00
J. Maranis	3,607,973	-	-	-	3,607,973
S. Yencken	27,706,313	-	-	-	27,706,313
E. Bugg	250,000	-	-	25,000	275,000
S. Simpson	405,430	-	-	-	405,430
G. Meekings	-	-	-	-	-
R. Pickering	-	-	-	-	-
J. Yuille	-	-	-	152,000	152,000
Executives					
N. Slack-Smith	2,124,447	-	-	-	2,124,447
R. Watson	50,000	-	-	-	50,000
A. Arbelo	643,256	-	-	-	643,256
N. Sandery	-	-	-	37,326	37,326
J. Groetch	-	-	-	-	-
M. Warne	1,144,680	-	-	-	1,144,680
H. Feuga	-	-	-	-	-
J. Mantzios	-	-	-	-	-
F. Raiti	-	-	-	50,000	50,000
O. Carton	139,945	-	-	-	139,945
Total	37,072,044	-	-	264,326	37,336,370

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arms' length.

(d) Loans from Key Management Personnel (Consolidated)

On 5 June 2008, the company entered into a 2-year convertible interest bearing loan with all Directors and senior Executives whereby the Directors and senior Executives loaned the Company various sums to a maximum of $20,000 each.

This loan is interest bearing at 1% above the ANZ Bank rate for overdrafts in excess of $100,000.

At any time during the loan period, the Directors (subject to shareholder approval) and the senior Executives can elect to convert the loan together with all accrued interest into ordinary share capital. The right to convert is only exercisable in full on one occasion.

Hence, the convertible loan has been classified as an interest bearing financial liability on the balance sheet at 30 June 2008.

27. Director and Executive disclosures (continued)

(d) Loans from Key Management Personnel (Consolidated) (continued)

Amounts recognised at the reporting date in relation to other transactions with IT&e Limited:

30 June 2008	Opening Balance 1 July 2007	Initial Loan	Interest accrued	Closing Balance 30 June 2008
Directors				
E. Bugg	-	20,000	224	20,224
S.Yencken	-	20,000	224	20,224
R. Pickering	-	20,000	224	20,224
J. Yuile	-	20,000	224	20,224
J. Maranis	-	20,000	224	20,224
Executives				
N. Slack-Smith	-	10,000	112	10,112
A. Wood	-	10,000	112	10,112
J. Groetch	-	10,000	112	10,112
M. Warne	-	10,000	112	10,112
R. Bennett	-	10,000	112	10,112
J. Mantzios	-	5,000	56	5,056
C. Brooke	-	7,500	84	7,584
Total	-	162,500	1,820	164,320

Mr Maranis resigned as a Director on 11 September 2008. At that time, Mr Maranis' loan had not been repaid.