

19 November 2008

Chairman's Address to 2008 AGM

Shortly our CEO Andrew Wood will present in some detail on what has been happening within the company and the outlook.

Before he does that I would like to make some observations.

Your directors have made no secret of the fact that they thought the operating loss of \$4.545m for the financial year 2007-08 was disappointing.

Despite that loss we remain optimistic around the future of the company. Evidencing that confidence is the resolution to be put today which will ask for Directors' loans made earlier this year to be converted at \$0.04. A premium of 100% to last trade.

As you would be aware from material provided with the Annual Results release, subsequent to balance date Jim Maranis tendered his resignation as CEO and we undertook restructuring that removed approximately \$3.0m per annum from our cost base.

When we released that information I observed in my report that the dislocation in markets was having a negative impact on our ability to close deals.

That influence will eventually wash through and, as focus returns to core strategic needs, we expect to see increased demand for the suite of offerings contained within RAZOR.

For the moment though the environment remains tough with new projects being deferred because of merger, changes of key personnel, budget restrictions, shifting priorities and contraction in risk profile.

Falling within the deferral is one large sale that until very recently we had remained confident we were on the cusp of closing.

Our response to that particular event has been to embark on further cost cutting and Andrew will provide detail on what has been done to remove a further \$1million per annum from our

cost base. This will now see costs at around \$14million pa versus the approximate \$19m in 2007-08. Andrew will also provide details of the extent to which “unbilled” hours have been reduced.

Further to those reductions we also plan to achieve additional savings by moving away from a two tier audit firm. Associated notices will issue in the near future. The cumulative savings will have little impact on this half and it is still just a bit early to make a call on how the company will go against its internal target of a small operating profit at calendar year end.

In taking the decision to further reduce costs your directors were mindful of the potential to compromise the pipeline of new transactions. Our conclusion was that for the moment the best position for the company was to get as close as possible to an operational break even position and to therefore be able to see out the current market malaise.

During the year we had a major fund manager shareholder depart the register and while I was disappointed with that outcome I understood the rationale. Pleasingly the stock was absorbed by new and existing shareholders with different performance criteria and a retained belief in the company’s long term prospects. To those loyal shareholders I say thank you for your trust and support.

Chief Executive Officer’s Address to 2008 AGM

Ladies and Gentlemen it is a privilege to accept the role of Chief Executive Officer.

As Ellis has previously commented upon, the unprecedented economic climate is exceptionally challenging and market conditions remain difficult and unpredictable. However past experience would indicate that following this fall out, the demand for risk management applications should be greatly enhanced as Boards of Directors, CEOs and CFOs ensure that their organisation adequately manage their risk profile.

Immediate initial strategy

Since taking office as CEO my focus has been to identify the best course of short term actions that are necessary to significantly increase shareholder value.

The unprecedented macro economic instability caused by the credit crunch has resulted in reduced visibility in most global markets. Accordingly I have already taken difficult decisions in my commitment to increase shareholder value. In the short term all actions have a specific focus on cash generation and the minimisation of discretionary expenditure.

- The company will continue to focus on its Razor core product,
- Dispose of non-core assets,
- Reduce the cost base and
- Prioritise geographical growth in the short term.

The success of IT&e has in large been due to Razor. Over the past few years the reputation of the product has significantly increased through the successful delivery of the Razor solution to a number of clients. Management's attention needs to be fully focussed and directed towards the Razor product whilst the operating losses from the other product offerings are eliminated. Accordingly opportunities to divest from other products will be accelerated.

The operating cost base of the company has been significantly reduced over a number of months. Following a review of the central operating costs, significant reductions have occurred with the non client facing employee base. This central cost base has now been reduced in line with the needs of existing clients and the short term prospects of new business.

I will continue to maintain a tight focus on costs and where possible reduce discretionary expenditure.

We have adopted a global structure for our client facing staff to ensure we maximize their skill sets in front of our clients and ensure we accelerate revenue opportunities wherever possible.

Our overall group utilisation historically was less than 50% but following a much tighter focus on global operations we are currently better than 70%. There is still improvement to be had

The investments in North American and Europe have been successful and given the size of markets we will continue to cautiously invest in these markets.

I am pleased that our key management remain fully committed to the company and continue to work with existing and prospective clients on the benefits Razor brings to their organisations.

These key actions will give all shareholders the best return in the short term and position the company to take advantage of market conditions as and when the turmoil decreases.

Client updates

I have just returned from visiting our centres in New York and London and am encouraged by the comments I have received from our existing clients as to how Razor has helped them manage their risk through unchartered territories.

I am particularly pleased with the progress we made this year in developing our offering around Central Counter Parties. In June we announced the new license to Idex which increased our total CCP clients to three and we are working on the discovery phase with a fourth.

In addition to the above we are well advanced with completing the Market risk module at Treasury Corp of Victoria. I have recently met with senior TCV management who have advised that they anticipate prudential regulatory approval early in the New Year.

I also visited some of our prospective clients across all our geographies. We are seeing much more interaction by CEOs and CFOs in accelerating reviews of their organisations risk practises. Regulatory changes are certain and will be an additional driver to Boards of Directors reviews of operations.

It is this regulatory change that will drive mandatory risk systems upgrades and we will closely follow these developments to ensure we capitalise on medium term opportunities.



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Concluding Comments

We have reacted to the worsening macro-economic conditions by protecting our margins with appropriate divestments and cost-cutting exercises whilst positioning ourselves to take advantage of markets when they eventually improve

Overall while we can face some short term pressures these changes should have a positive impact to IT&e

Before I hand back to our Chairman I would like to thank our staff for their work and commitment and our clients for their ongoing commitment