



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the members of I.T.& e Limited ACN 088 299 512 ("IT&e" or "Company") will be held at **the Shangri-la Hotel, 176 Cumberland Street, The Rocks, Sydney, NSW, at 2.00 pm on 29 November 2006.**

BUSINESS

General Business

1 FINANCIAL REPORT

- 1.1 To consider and receive the annual financial statements, the directors' report and audit report of the Company.
- 1.2 To consider and, if thought fit, to pass the following ordinary resolution:

"That the Remuneration Report contained in the Directors' Report be adopted."

Short explanation

The Corporations Act 2001 requires listed companies to put to shareholders at the AGM a non-binding resolution concerning the Remuneration Report which is contained in the Directors' Report section of the Annual Report.

Shareholders will be given an opportunity to ask questions concerning the Remuneration Report at the AGM.

As stated, the resolution is non-binding.

2 RETIREMENT OF DIRECTORS BY ROTATION AND BY OPERATION OF CONSTITUTION

To consider, and if thought fit, to pass the following resolutions as ordinary resolutions:

- 2.1 *"That having been appointed during the year and retired pursuant to the Constitution, Ellis Bugg be re-elected as a director."*
- 2.2 *"That having been appointed during the year and retired pursuant to the Constitution, Gregory Meekings be re-elected as a director."*
- 2.3 *"That having been appointed during the year and retired pursuant to the Constitution, Ralph Pickering be re-elected as a director."*
- 2.4 *"That, having retired pursuant to the Constitution of the Company, Simon Yencken be re-elected as a director."*

2.5 *"That having been nominated by a member, Jane Elizabeth Yuile be elected as a director."*

Short explanation

The Company's Constitution requires directors who are appointed during the year to retire at the first AGM held after their appointment. Retiring directors are eligible for re-election. Ellis Bugg, Gregory Meekings and Ralph Pickering were appointed during the year and have offered themselves for re-election. Your directors other than Ellis Bugg Gregory Meekings and Ralph Pickering recommend that they be re-elected.

Details of Ellis Bugg are contained in the Annual Report accompanying this Notice of Meeting. Details of Gregory Meekings and Ralph Pickering are set out in the attached Explanatory Memorandum.

The Company's Constitution requires one third of the directors (other than the Managing Director or directors appointed during the year) to retire at each AGM, being the directors longest in office at the date of the AGM. This year Simon Yencken must therefore retire and has offered himself for re-election. Your directors other than Simon Yencken recommend that he be re-elected.

Details of Simon Yencken are set out in the attached Explanatory Memorandum.

The Company has received a nomination from a member nominating Jane Elizabeth Yuile as a director, and a consent to act signed by that person, in accordance with the Company's Constitution dealing with nomination of directors by members for election at a general meeting. Accordingly, the Company has included this resolution.

Details of Ms Yuile supplied by her are contained in the attached Explanatory Memorandum.

To be appointed, any of the above directors must receive more votes in favour of the resolution appointing them than against.

Special Business

3 APPROVAL TO ISSUE SECURITIES UNDER EMPLOYEE SHARE OPTION PLAN TO NON EXECUTIVE DIRECTORS

To consider and, if thought fit, to pass the following ordinary resolution:

"That approval is given (under ASX Listing Rule 10.14 and Part 2E of the Corporations Act) to:

- (a) the acquisition by Mr Ellis Bugg, Non, Executive Director, and the consequential giving of a financial benefit to a related party, during the period of 12 months after the date of this meeting, of 500,000 options (and issue of ordinary shares when those options are exercised) in accordance with the terms of the Employee Share Option Plan and on the terms and subject to the exercise conditions as set out in the Explanatory Notes accompanying the Notice of Annual General Meeting convening this meeting; and*
- (b) the acquisition by Mr Gregory Meekings, Non, Executive Director, and the consequential giving of a financial benefit to a related party, during the period of 12 months after the date of this meeting, of 2,000,000 options (and issue of ordinary shares when those options are exercised) in accordance with the terms of the Employee Share Option Plan and on the terms and subject to the exercise conditions as set out in the Explanatory Notes accompanying the Notice of Annual General Meeting convening this meeting."*

Short explanation

The Board of IT&e other than Mr Bugg and Mr Meekings have resolved, subject to shareholder approval, to make options under the Company's ESOP available to Mr Bugg and Mr Meekings. This resolution seeks shareholder approval for this and further details are set out in the attached Explanatory Memorandum.

Voting Exclusion Statement

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on resolution 3 by a director of the Company, and by associates of that person. The directors of the Company at the date of this Notice are David Bell, James Maranis, Simon Yencken, Ellis Bugg, Greg Meekings, Ralph Pickering and Stephen Simpson.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides (and the acknowledgment box on the proxy form in relation to this resolution is marked).

4 APPROVAL TO ISSUE SECURITIES PURSUANT TO ESOP AND ESAP

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*"that pursuant to Exception 9 of ASX Listing Rule 7.2 ("**Exception 9**") shareholders approve the issue of options under the Company's Employee Share Option Plan ("**ESOP**") and shares under the Company's Employee Share Acquisition Plan ("**ESAP**") totalling the amount, and on the terms and conditions, as set out in the Explanatory Memorandum, as an exception to ASX Listing Rule 7.1."*

Short explanation

ASX Listing Rule 7.1 requires approval from shareholders for issues of securities in excess of 15% of the issued capital. There are a number of exceptions to this set out in ASX Listing Rule 7.2, including Exception 9, which allows the issue of securities to an employee incentive plan such as the ESOP and ESAP, provided, in the case of IT&e's ESOP and ESAP, that shareholders have approved the issue of securities within the last three years.

On 27 November 2003 shareholders approved the issue of up to 15% of the issued capital of IT&e pursuant to the ESOP and approved the establishment of the ESAP. That approval lasts for 3 years, and has expired, and IT&e now seeks approval to issue securities under the ESOP and ESAP as an exception to Listing Rule 7.1 for the next three years.

Exception 9 requires that the Notice of Meeting include certain information. This information and a further explanation of this resolution are included in the attached Explanatory Memorandum.

Voting Exclusion Statement

The Company will disregard votes cast in respect of resolution 4 by:

- (a) Any director of the Company eligible to participate in the ESOP; and
- (b) Any associate of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By order of the Board:



Company secretary
16 October 2006

NOTES

1. A member entitled to attend and vote at the General Meeting is entitled to appoint not more than two proxies to vote instead of the member. A proxy may be a person or a company.
2. A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise one half of the member's votes.
3. A proxy need not be a member of the Company.
4. The proxy form must be signed by the member or the member's attorney. Proxies given by corporations must be executed under seal or signed under the hand of a duly authorised officer or attorney.
5. To be valid, the enclosed proxy form and the power of attorney or other authority (if any) under which it is signed (or a certified copy of it) must be lodged at the registered office of the Company or with the share registry of the Company:
 - a) at the offices of Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street. Abbotsford VIC 3067, or on fax number (03) 9473 2555; or
 - b) at the registered office of the Company, Level 11, 25 Bligh Street, Sydney, NSW, or on fax number (02) 9235 2686,not later than 48 hours before the time for commencement of the meeting.
6. A person may attend the meeting under an appointment of corporate representative pursuant to section 250D of the Corporations Act (including as representative of a corporate proxy) or Power of Attorney only if a copy of that appointment or Power of Attorney is provided to the share registrars of the Company before the meeting. Documents can be provided by post or facsimile as follows:
 - a) at the offices of Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street. Abbotsford VIC 3067; or
 - b) by faxing it to the offices of Computershare Registry Services Pty Ltd on fax number (03) 9473 2555.
7. The Directors have determined that, for the purpose of voting at the meeting, shares will be taken to be held by the registered holders at 7.00pm on **27 November 2006**.

EXPLANATORY MEMORANDUM

1. Introduction

The following information provides a detailed explanation on resolutions 2, 3 and 4 as set out in the Notice of Annual General Meeting.

2. Resolution 2 - Retirement of directors by rotation and by operation of Constitution

The following information concerning each nominee is provided.

2.1 Ellis Bugg

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

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

Prior to NAB, he held senior executive roles at the Commonwealth Bank of Australia, including General Manager Risk, Financial Markets, Global Head of Trading, Fixed Interest & Derivatives, and Global Head of Funding and Liquidity. He has played a significant role in leading change within the banking industry in Australia, particularly concerning risk management.

Ellis is a Fellow of the Financial Services Institute of Australasia (Finsia) and a Graduate of AICD (GAICD).

2.2 Gregory Meekings

Mr Meekings' has over 25 years' experience within the financial technology industry. He has been key to the development and application of mission critical real time technologies to the global financial markets.

Currently, Mr Meekings holds the following positions:

- Independent Chairman, Reuters Pension Fund
- Independent Chairman, Reuters Supplementary Pension Scheme
- Chairman SmithBayes - a company which provides definitive technological tools and services to enable large companies to model, analyse, plan, and manage Corporate Strategy.

Mr Meekings' more recent executive management roles, undertaken as part of a career at Reuters Plc from 1992 to 2004, have included:

- 2002 CIO Reuters Plc and Member of the Group Operating Committee.
- 2001 Managing Director, Global Services, Reuters Plc
- 2000 Managing Director, Transactions, Reuters Plc
- 1999 Managing Director, Global Sales and Operations, Reuters Trading Systems

2.3 Ralph Pickering

Ralph Pickering was appointed as a director by the Board following completion of the 2006 Financial Report, and therefore his details are not included in that Financial Report. Mr Pickering's background is as follows.

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

Mr Pickering's career highlights include:

- 1986 Chief Executive, Projects Division, GEC Alstom
- 1994 President and CEO, Cegelec USA
- 1997 Managing Director, TechComm
- 1998 Managing Director, Utility Services
- 2000 Managing Director, M&A, UXC

2.4 Simon Yencken

Mr Yencken was founder and Chief Executive Officer of NextSet Software, Inc, and joined the Board following the acquisition of NextSet's business. Mr Yencken holds a Law degree and Bachelor of Science in Mathematics from Monash University (Victoria), Australia.

His career highlights include:

- 1983-1992 - Partner Freehills – leading Australian law firm
- 1993 – Appointed General Counsel, Reuters Group Plc
- 1993 - on team of 3 people that negotiated the acquisition of Tibco Software Inc (then Teknekron Software Systems Inc)
- 1993 - Personally recruited Tom Glocer (present CEO of Reuters) and Devin Wenig (Executive Director of Reuters presently), and Rosemary Martin (present General Counsel & Secretary of Reuters)
- 1994 - Appointed Company Secretary at Reuters (in addition to General Counsel). Took part in all Board Meetings & Board Strategy Away Days
- 1995 - Appointed Head of Compliance & Regulatory Affairs (in addition to General Counsel & Secretary)
- 1996 - Appointed to the Reuters Group Executive Committee
- 1996 - Personally negotiated the spin-off of Tibco Software Inc (NASDAQ - TIBX), and appointed Board member of Tibco
- 1998 – Appointed Managing Director, Reuters Financial Enterprise Systems
- 1998 - Appointed Executive Director of Tibco, and COO of Tibco Finance 1999 - Appointed CEO of Tibco Finance
- 1999 - Successful IPO of Tibco Software
- 2000- Founded NextSet Software Inc in Silicon Valley
- 2003 - NextSet Software acquired by IT&e Limited, acquires shareholding in IT&e
- 2003 - Appointed Executive Director of IT&e
- February 2006 – Completed Earn-Out period with IT&e, and as a result NextSet Software Inc becomes the largest shareholder in IT&e.

2.5 Jane Elizabeth Yuile

Jane Elizabeth Yuile has been nominated by a member to be appointed as a director. Her appointment has not been sourced by IT&e.

Ms Yuile has advised as follows:

Ms Yuile has over 25 years experience as a finance executive. She is a Chartered Accountant and past chair of the Institute of Chartered Accountants SA & NT. She had 10 years experience as the finance director of a publicly listed IT company and now has her own consulting firm which specialises in business risk management and strategy development.

Currently Ms Yuile holds the following positions

- Since 1999 - Independent Chairman, VICTEC Limited - a company that employs and contracts to industry over 550 electrical apprentices and trainees (Chairman Finance & Audit committees)
- Since 2002 - Independent Chairman, Jam Factory Contemporary Craft & Design - Adelaide's centre for design, creation and exhibition of glass, ceramic, metal and furniture works (Chairman Finance & Audit Committees)
- Since 2006 - Independent Director, Electricity Supply Industry Planning Council (SA) - provides independent advice to the Minister for Energy and the Essential Services Commission (Member Audit Committee)
- Since 2005 - Independent Finance Committee Member, University of Adelaide
- Since 2004 - Independent Finance Committee Member, Southern Adelaide Health Service

Ms Yuile's recent executive management roles include

- 2001 to present - Amik Consulting (Executive Director)
- 1998 to 2001 - Utility Services Corporation Limited (Finance Director & Company Secretary)
- 1991 to 1998 - MITS Limited (Finance Director & Company Secretary)

Other recent roles include:

- 2001 – 2006 Institute of Chartered Accountants in Australia – SA and NT
- Chairman (2005) , Vice Chairman (2004)
- 2002 – 2004 Flinders Medical Centre – Director
- Member - Finance committee, audit committee

She also had 10 years experience in audit with Price Waterhouse (Melbourne & London) and Arthur Young (San Francisco).

IT&e has not independently verified any information provided by Ms Yuile.

3 Approval to issue securities under ESOP to Non-Executive Directors

3.1 Summary of proposal

The Company proposes to offer 500,000 options to the non executive director Mr Ellis Bugg, and 2,000,000 options to Mr Gregory Meekings, ("the NED Options") under the Company's Employee Share Option Plan ("ESOP") on the terms and conditions set out below. The issue of options to directors is subject to shareholder approval, which is sought by this resolution 3.

3.2 Terms and conditions of options

The NED Options are 5 year call options exercisable as follows:

- 1/36 of the options granted vest each consecutive month from the date of issue; however;
- no options can be exercised in the first 12 months from the date of issue.

The issue date is the date of this meeting.

The exercise price will be the higher of volume weighted average share price ("VWAP") of IT&e ordinary shares for the five trading days prior to the meeting or 20 cents. As such, the exercise price is not known at this time.

The lapse date is the date 5 years from the issue date.

The recipient must be a director of the Company when seeking to exercise the NED Options.

3.3 Rationale for issue

All directors, other than Mr Bugg and Mr Meekings, support the issue of the Options for the following reasons:

The NED Options are structured so that the recipient receives greater value from the options as greater value is returned to shareholders in the form of an increased share price. The NED Options therefore align the interest of the recipient with the interests of shareholders.

The NED Options are structured to retain the recipient, as he must be a director of the Company when he exercises the NED Options, and the options vest over a three year period. The Company is executing its ambitious plans to expand its operations beyond Australia and the recipients are important to the success of those plans. The recipients have considerable skills and experience in the Company's marketplace.

The issue also rewards the recipients for their significant endeavors and future endeavors on behalf of the Company, without a large cash outlay. The issue of NED Options is therefore cost effective for the Company and preserves the Company's cash resources.

The number of options given was arrived at by examining a number of factors including the number of the Company's securities on issue, the price of the Company's ordinary shares, and the usual salary for non-executive directors in the non-executive director's geographical region (the difference in the number of NED Options being offered to Mr Bugg and Mr Meekings is reflective of the difference in non-executive director remuneration in Australia and the UK).

3.4 Valuation of options

For the benefit of shareholders, the Company obtained a valuation of an NED Option. The valuation methodology used was the Black Scholes pricing methodology as this methodology has previously been used by the Company in valuing its options and best suits companies that have not paid dividends. The following assumptions were used:

| | |
|--------------------------|------------------|
| Underlying Share price | 19 cents |
| Exercise price (assumed) | 20 cents |
| Dividend rate | nil |
| Risk free rate | 5.84% |
| Volatility rate | 120.82% |
| Expiration date | 29 November 2011 |
| Value per option | 14.2 cents |

Note 1

The underlying security spot price used for the purposes of this valuation is based on the share price of IT&e when the valuation was obtained. Shareholders should note that the exercise price will be the higher of the VWAP of the Company's shares for the 5 business days prior to the AGM, or 20 cents.

Note 2

As at the date of this report the company has not forecast any future dividend payments. For the purposes of this valuation it has therefore been assumed that the company's share price is "ex-dividend". If dividend payments were forecast, the value of the NED Options would be reduced.

Note 3

The volatility rate reflects the volatility in share price of the Company's shares, and can significantly affect a valuation under the Black-Scholes methodology. The recent increase in the Company's share price has therefore lead to a higher valuation than would have been obtained, for instance, a month before the date of valuation.

Note 4

The risk free rate is the Reserve Bank Official interest rate.

Note 5

The expiration period is the five years ending November 2011. For the purposes of this valuation it has been assumed that the NED Options will be exercised midway between the issue date and expiry period.

The value per option of 14.2 cents gives a value of the total benefit received for each recipient as follows:

- Mr Bugg \$71,000
- Mr Meakings \$284,000

3.5 Other information

Shareholder approval is required for the issue of NED Options to occur, as the recipients are related parties to whom a financial benefit will be given.

Shareholders should note that the remuneration of the recipients as a director in FY 2006, and their current shareholding in IT&e, are set out in the following table:

Remuneration

| | Annual Emoluments | | | Long term emoluments | | |
|------------------|-------------------|-----------|----------------|----------------------|----------------|-------------------|
| | Base Fees | Other | Superannuation | Number of Options | Amortised cost | % of remuneration |
| Directors | \$ | \$ | \$ | | \$ | |
| E.Bugg | 7,053 | - | - | - | 7,053 | - |
| G Meekings | - | - | - | - | - | - |

Both Mr Bugg and Mr Meekings are relatively recent appointments, and the above does not reflect their full year remuneration, which is fixed at \$43,600 per year for Non-Executive Directors. As Mr Meekings is based in the United Kingdom, his remuneration has been converted to local currency and fixed at GBP17,440.

Interest in securities

| | Ordinary shares | Options over ordinary shares |
|------------------|-----------------|------------------------------|
| Ellis Bugg | 250,000 | - |
| Gregory Meekings | - | - |

The Company has approximately 199 million ordinary shares on issue. There will therefore be no material dilution in shareholdings as a result of the exercise of the NED Options.

Shareholders should note that an ordinary share in the Company has traded in the range of 5 cents and 19.5 cents during the last 12 months. The share price of the Company's shares at the date of this Notice was 19 cents.

3.6 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires shareholder approval before the issue of securities to related parties. For present purposes, a director is a related party.

There are however a number of exceptions to Listing Rule 10.11, including Listing Rule 10.12 Exception 4, where a director receives securities under an employee incentive plan, and that receipt is approved under Listing Rule 10.14. The Notice of Meeting seeking approval under Listing Rule 10.14 is required to include certain information, which in relation to resolution 4 is as follows:

- The maximum number of securities that may be acquired by all persons for whom approval is required – 2,500,000 NED Options convertible into 2,500,000 ordinary shares, representing approximately 1.25% of the Shares on issue following the conversion.
- The price, or formula for calculating the price, for each security to be acquired under the plan – see para 3.2.
- Details of securities issued since the last approval – following the last shareholders approval on 17 November 2004 (and pursuant to the terms of that approval), 3,400,000 5 year call options exercisable at 32 cents each were issued to James Maranis (2,000,000 options) and Simon Yencken (1,400,000 options).
- The named of all persons entitled to participate in the plan – all full time employees of IT&e and Directors are entitled to participate in the plan. Directors require shareholder approval before doing so.
- The date by which IT&e will allot the securities – within 30 days of the date of this meeting.
- A voting exclusion statement.

3.7 Corporations Act section 219

Part 2E.1 of the Corporations Act generally prohibits the giving of a financial benefit to related parties in some circumstances unless certain procedures are adopted. For present purposes, a director is a related party, and the issue of securities involves the giving of a financial benefit.

The Corporations Act provides a mechanism for Shareholder approval to enable a financial benefit to be given to a related party. Resolution 4 seeks this approval.

Section 219 of the Corporations Act requires the Explanatory Memorandum to set out certain information in relation to Resolution 4. This information is as follows:

- *the related parties to whom the proposed resolution would permit a financial benefit:* Ellis Bugg and Gregory Meekings
- *the nature of the financial benefit:* the granting of Employee Share Options under the Employee Share Options Plan
- *Recommendation of each Director:* Ellis Bugg and Gregory Meekings decline to make a recommendation as they will receive a financial benefit should the resolution be passed.

Each of the remaining directors of the Company recommend that the resolution be passed. The reasons for this recommendation are set out in para 3.3.

Those directors note that while the issue of shares pursuant to an exercise of NED Options may be dilutive to other shareholders (as set out in paragraph 3.6), the holders will have to pay the exercise price to the Company, thereby increasing the assets of the Company.

4 Approval to issue securities pursuant to Employee Share option plan and employee share acquisition plan

The Company has established an ESOP and an ESAP, the salient terms of which are as follows:

ESOP

Eligible persons – eligible persons are all full and part time employees of IT&e, except for directors. Directors are only eligible if shareholder approval has first been obtained. The Board has the discretion to determine which of the eligible employees participate, and to what extent.

Terms of issue – the terms of issue of options, such as issue price, exercise price, exercise period and any other criteria such as performance of option holder, are at the discretion of the Board.

Expiry date of options issued – options issued expire in normal circumstances either 10 years from the date of issue or such other period determined by the Board. Generally, if an employee ceases employment for any reason, that employee has a certain period to exercise any options, following which they lapse. Under the Employee Performance Options Plan discussed in resolution 5, that period is 6 months.

No substantial issue to single employee – the Board may not allot options to a particular employee if, as a result of the exercise of those options, that employee would hold more than 5% of the issued shares of the Company.

Directors are eligible to participate in the ESOP if shareholder approval is obtained.

On 27 November 2003, shareholders renewed approval at a General Meeting to increase the pool of options available under the ESOP by resolving to allow the issue under the ESOP and ESAP of up to 15% of the Company's issued capital from time to time.

ESAP

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.

The ESAP Rules provide for the Company to appoint a Plan Trustee. The Plan Trustee will be responsible for acquiring ordinary shares in the Company in the ordinary course of trading on the ASX.

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 costs to the Company of implementing and maintaining the ESAP are cash neutral since the cost of the acquisition of shares by participant employees is funded from what would otherwise form part of those employee's base salary and incentives as approved in the Company's annual remuneration budgets.

The key terms and conditions of the ESAP Rules are:

- shares will be acquired by and registered in the name of the Plan Trustee and will be held on trust by the Plan Trustee for participants pending satisfaction by a participant of any performance, vesting or other applicable condition or criteria. Once these conditions and criteria have been fulfilled a participant must make an application to withdraw its shares to the Plan Trustee.

The ESAP Rules also deal with the following matters:

- prohibition on participants creating security interests over shares held on their behalf whilst part of the ESAP;
- the ability of the Plan Trustee to forfeit shares held in trust by it in the event of those shares still being subject to satisfaction of performance, vesting or other applicable conditions and criteria as at the time the relevant participant employee ceases employment with the Company and in other limited circumstances;
- provision for allowing each participant employee to lodge an application to withdraw its shares to the Plan Trustee in the event that a takeover offer is made for the Company or a change in control occurs which may adversely affect the rights of participant employees;
- variation or modification of the ESAP Rules;
- termination or suspension of the ESAP; and
- administration of the ESAP by the Plan Trustee and the Board.

Any ongoing administration expenses relating to the ESAP will be met by the Company however each participating employee will bear the cost of all outgoings, expenses and taxes (including stamp duty) incurred by the Plan Trustee in buying, selling and otherwise dealing with shares on behalf of that participating employee.

Participating employees will be restricted from transferring their shares held under the ESAP for a minimum period as determined by the Board and required in order for the Company to meet its remuneration objectives and take advantage of the relevant tax concessions.

Listing Rule 7.1

Listing Rule 7.1 requires a company to obtain the approval of shareholders if it proposes to issue equity securities representing more than 15% of its share capital within a 12 month period. Listing Rule 7.2 contains a number of exceptions to Listing Rule 7.1, allowing certain issues of securities to be excluded from the calculation of the number of securities issued in the previous 12 months. Shareholder approval is sought in accordance with Listing Rule 7.2 Exception 9, which would enable options and shares issued under the ESOP and ESAP over the next three years to be excluded from any such calculations.

Exception 9 requires certain information to be included in the Notice of Meeting, as follows:

- A summary of the terms of the plan;
- The number of securities issued under the plan since the last approval; and
- A voting exclusion statement.

If approval is not given, directors may still issue options under the ESOP or ESAP, but any issue will count towards the 15% limit.

Operation of the ESOP and ESAP to date

ESOP

Since approval was last given for the issue of securities under the ESOP on 27 November 2003, the following options have been issued under the ESOP without seeking additional shareholder approval (such as additional approval for an issue of options to a director):

| | |
|--|------------|
| <i>Total options issued</i> | 19,081,250 |
| <i>Total options lapsed/cancelled</i> | 9,461,333 |
| <i>Total options issued with additional shareholder approval</i> | 6,849,500 |
| <i>Total unexpired options issued prior to 27 November 2003</i> | 5,454,917 |
| <i>Total options currently on issue</i> | 21,765,750 |

While there is much debate concerning the utility of options as a performance enhancing method of remuneration, the directors are of the view that a properly structured ESOP is an important tool in attracting and retaining key staff. Options allow some flexibility in tax planning for employees, while incentivising performance if appropriate performance hurdles are imposed.

As the Company is expanding, the directors envisage that more options will be issued in the future. The directors therefore seek this approval so that options can be issued while leaving directors the flexibility to issue up to 15% of the issued capital of the Company for other purposes.

ESAP

Since approval was last given for the issue of securities under the ESAP on 27 November 2003, 190,342 shares have been issued to the IT&e ESAP Trustee.