

REMUNERATION POLICY (Updated June 2006)

AEI's remuneration policy is designed to accord with the principles of the Australian Ethical Charter, as set out in the constitution of the Company. It is designed to ensure AEI **does not**

“exploit people through the payment of low wages or the provision of poor working conditions”

and to facilitate:

“the development of workers participation in the ownership and control of their work organisations and places”

AEI's ability to enhance its commitment to its employees has increased as the profitability of the company has grown.

AEI's fundamental remuneration policy is to treat all staff in an equitable fashion and not to have special remuneration arrangements for particular staff. All permanent staff (including the CEO and executive directors) receives a cash salary and participates in the staff bonus and employee share ownership scheme.

Remuneration is not subject to set performance hurdles.

All permanent staff are eligible to participate in the staff bonus which is determined by the constitution. Each year the bonus is set with reference to the profit of the company. Each full time staff member receives the same amount, part-time staff receive a pro-rata amount. The Constitution provides that the bonus can be (and often has been) satisfied by the issue of shares.

Under the Employee Share Ownership plan a pool of options, which would if exercised, amount to 5% of the existing ordinary share capital is issued to staff. All permanent staff are eligible to participate in the plan. The price at which the options can be exercised is set 10% in excess of the market price of the shares. The number of options received by an individual staff member depends on their salary level. Options are not exercisable for a period of three years from their date of grant.

AEI has a mix of full time and part time staff and endeavors to provide flexible employment options within business needs.

AEI monitors employee's salaries against the wider market and reviews salary levels annually. The company adopts an in-principle guideline of paying individual staff a Total Fixed Remuneration based on 80% to 120% range of the 50th percentile identified in a biennial salary survey, with an unweighted average of 95% - 105% and with appropriate macro economic indexation of comparator benchmarks over time.

The guideline would not be implemented in such a way that salaries would reduce where there was a market crash in relevant salaries.