

Section 1

Summary of the Scheme



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1.1 The Scheme

On 12 February 2007, Integrated announced that it had entered into a Merger Implementation Agreement with Programmed under which Integrated had agreed to merge with Programmed by way of a scheme of arrangement. If the Merger is implemented, Integrated will become a wholly-owned subsidiary of Programmed and will be delisted from ASX. Programmed will continue to be listed on ASX.

If the Scheme becomes Effective Integrated Shareholders will receive \$1.25 in cash and 0.26 Programmed Shares for every Integrated Share held as at the Record Date.

In addition, Integrated Shareholders who are registered shareholders as at 5.00pm on 4 April 2007 will be entitled to receive the Integrated Interim Dividend for the six months ended 31 December 2006 of 5 cents per Integrated Share, payable on 11 April 2007.

If the Scheme is implemented on or before the record date for any final dividend declared by Programmed for the year ending 31 March 2007, as holders of New Programmed Shares, Integrated Shareholders would also be entitled to receive any such dividend provided they continue to hold their New Programmed Shares until the relevant record date. Programmed presently has a policy of paying dividends to shareholders which are equivalent to approximately 60% of the net profit after tax for the relevant financial year, though Integrated Shareholders should note that Programmed has not yet declared any final dividend for the year ending 31 March 2007. If the Programmed Final Dividend is declared, but the Scheme is not implemented until after the Programmed Record Date, then Scheme Shareholders will not be paid the Programmed Final Dividend, as they will not have become Programmed shareholders by the Programmed Record Date. However, in these circumstances, Integrated will pay Scheme Shareholders the Integrated Final Dividend.

If the number of Integrated Shares you hold means that your aggregate entitlement to New Programmed Shares is not a whole number, then any fractional entitlement will be rounded up or down to the nearest whole number, with fractions of 0.5 or more to be rounded up.

If you are an Integrated Shareholder with a registered address outside Australia or New Zealand, you should refer to section 7.6.

1.2 Implementation of the Scheme and timing

a) Timing

Important dates and times are set out on page 1 (Important dates).

b) Key conditions precedent

A number of conditions precedent must be satisfied or waived before the Scheme can be implemented, as further described in section 7.3 (Conditions precedent to the Scheme). In particular, the Scheme is subject to:

- approval of Integrated Shareholders at the Scheme Meeting; and
- approval of the Court.

The status of the key conditions precedent as at the date of this Scheme Booklet is discussed in section 7.4 (Status of conditions precedent).

c) Scheme Meeting

Integrated Shareholders will be asked to approve the Scheme at the Scheme Meeting to be held at 11.00am on 10 May 2007 at the Karri Room, the Parmelia Hilton Hotel, Perth, Western Australia.

For the Scheme to proceed:

- a majority in number (i.e. more than 50%) of Integrated Shareholders who vote at the Scheme Meeting (in person or by proxy) must vote in favour of the resolution to approve the Scheme; and
- at least 75% of the total number of votes cast at the Scheme Meeting (whether in person or by proxy) must be cast in favour of the resolution to approve the Scheme.

If the Scheme becomes Effective, the Scheme will be binding on all Integrated Shareholders (including those who voted against the resolution to approve the Scheme or who did not vote at all).

Please see page 13 (How to vote) for actions to be taken by Integrated Shareholders who propose to attend and vote at the Scheme Meeting or to appoint a proxy to attend and vote on their behalf.

d) Court approval

If the necessary majorities of Integrated Shareholders vote in favour of the Scheme and all other conditions of the Scheme have been satisfied, the Court will be asked to approve the Scheme.

e) Implementation of the Scheme

If the conditions precedent are satisfied and the Court orders approving the Scheme are obtained, the Scheme will be implemented on the Implementation Date, which is presently expected to be Thursday, 7 June 2007.

On the Implementation Date:

- Integrated will enter the name of Programmed in the Register as the holder of all of the Integrated Shares; and
- in consideration for the transfer of the Integrated Shares to Programmed, Programmed will:
 - i) pay the \$1.25 cash component of the Scheme Consideration to Scheme Shareholders; and
 - ii) issue the New Programmed Shares to which Scheme Shareholders are entitled, in each case as required under the provisions of the Scheme.

Holding statements for New Programmed Shares will be dispatched to applicable Scheme Shareholders shortly after the Implementation Date.

Ineligible Foreign Holders should refer to section 7.6 (Shareholders outside Australia and New Zealand) for further details.

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f) **Sunset date**

If the Scheme is approved by Integrated Shareholders at the Scheme Meeting, the Merger may still not be implemented. The Merger Implementation Agreement can be terminated by either party to it if the Scheme has not become Effective on or before 12 June 2007, or such other date as Integrated and Programmed may agree.

It is important for Integrated Shareholders to understand that delays in the implementation of the Scheme could lead to the Scheme not proceeding if it fails to become Effective by 12 June 2007.

Page 12 of this Scheme Booklet sets out the implications if the Scheme does not become Effective.

1.3 Key terms of Merger Implementation Agreement

Integrated and Programmed have entered into a Merger Implementation Agreement dated 12 February 2007 to provide a framework for proposing and implementing the Scheme.

The Merger Implementation Agreement sets out the rights and obligations of Integrated and Programmed in relation to the Scheme. A copy of the Merger Implementation Agreement is contained in Appendix 2.

A summary of the key terms of the Merger Implementation Agreement is set out below.

a) **Conditions**

Implementation of the Scheme is conditional upon (among other things):

- Integrated Shareholder approval;
- the Independent Expert concluding that the Scheme is in the best interests of Integrated Shareholders;
- the approval of the Scheme by the Court;
- obtaining necessary regulatory consents and approvals (including ASIC and ASX approvals) on acceptable terms;
- no "Prescribed Occurrences" or "Material Adverse Change" (each being defined in the Merger Implementation Agreement) occurring in relation to either party; and
- the warranties given by the parties being and remaining materially true and correct.

The parties are required to use their best endeavours to satisfy the conditions.

b) **Warranties and indemnities**

Mutual warranties and indemnities have been given by each party including in relation to corporate capacity, authorisation, no contravention of respective constitutions and the accuracy of information provided to the other party as part of their due diligence investigations.

Further warranties and indemnities are provided by Integrated in favour of Programmed in relation to the accuracy of information provided in the Scheme documentation and that the Scheme will not cause the termination of any material contracts.

c) No shop, no talk restriction

During the restriction period (being the period from the date of the Merger Implementation Agreement to the earliest of four months after that date, the Effective Date and the date the Merger Implementation Agreement is terminated in accordance with its terms):

- i) **no shop restriction:** Integrated must ensure that neither it, its related entities nor any of its representatives directly or indirectly approaches, solicits inquiries from or initiates discussions, expressions of interest, offers or proposals with any person (other than Programmed or its related entities) in relation to a competing proposal;
- ii) **no talk restriction:** Integrated must ensure that neither it, its related entities nor any of its representatives participate in any discussions or negotiations, provide any information, or take any other action to facilitate a competing proposal (subject to the fiduciary duties exception specified below); and
- iii) **fiduciary duties exception:** notwithstanding the above no talk restriction, the Integrated Board may engage a third party in discussions if it has received a written proposal and, acting in good faith and in accordance with its fiduciary and other duties to shareholders and after having taken legal and financial advice, it forms the view that it is in the best interests of Integrated Shareholders for the discussions to take place.

d) Termination rights

The Merger Implementation Agreement can be terminated by either party if (among other things) any condition precedent is not satisfied or waived (by the party able to waive the condition), the Independent Expert alters its conclusion or withdraws its report, the Scheme does not become Effective by the Sunset Date, or either Integrated Shareholders or the Court fail to approve the Scheme.

Programmed may terminate the Merger Implementation Agreement where:

- Integrated is in material breach of the Merger Implementation Agreement for more than 10 Business Days after notice in writing of the breach; or
- the Integrated Board or any Director withdraws or qualifies their support for the transaction or otherwise acts in a manner which is inconsistent with obtaining approval for the transaction.

Integrated may terminate the Merger Implementation Agreement where Programmed is in material breach of the Merger Implementation Agreement for more than 10 Business Days after notice in writing of the breach or where a competing proposal is announced which in the opinion of the Directors is more favourable than the Merger.

e) Programmed's break fee

Integrated must pay Programmed a break fee of \$1.9 million if:

- a takeover bid or other merger proposal is launched by a third party in respect of Integrated and that bid or proposal results in the bidder or proponent acquiring 50% or more of the shares of Integrated (or any Subsidiary of Integrated); or
- Programmed terminates the Merger Implementation Agreement due to a material unremedied breach of the Merger Implementation Agreement by Integrated.

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f) Integrated's break fee

Programmed must pay Integrated a break fee of \$1.9 million if Integrated terminates the Merger Implementation Agreement due to a material unremedied breach of the Merger Implementation Agreement by Programmed.

1.4 Tax considerations for Integrated Shareholders

Australian resident Integrated Shareholders may be eligible to receive CGT rollover relief in relation to the share component of the Scheme Consideration. Tax considerations, including the conditions to achieve rollover relief, are set out in section 6 of this Scheme Booklet.

1.5 No fees payable by you

No brokerage or stamp duty will be payable by Integrated Shareholders in relation to the disposal of their Scheme Shares or the acquisition of New Programmed Shares under the Scheme. Scheme Shareholders may have to pay brokerage on disposal of their New Programmed Shares at any time after the Scheme becomes Effective.

1.6 Questions

If you have any questions after reading this information, you can call the Integrated Company Secretary on +61 8 9322 2111 between 8.00am and 5.00pm Monday to Friday or email companysecretary@intgroup.com.au