

**The 2006 Annual General Meeting of the Company will be held:**

**At:** Level 12, 20 Bridge Street, Sydney

**On:** Wednesday 22nd November 2006

**At:** 10:00am, Sydney Time

## BUSINESS

### Item 1 – Financial and Other Reports

To receive and consider the financial statements for the Company containing the Income Statement, Balance Sheet, Statement of Changes in Equity and the Cash Flow Statement of the reporting entity for the financial year ended 30 June 2006 together with declaration and reports of Directors and Auditors.

The Financial Statements are available on the Company's internet web-site [www.hjb.com.au](http://www.hjb.com.au)

### Item 2 – Election of Director(s)

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

1. That Ms Anna Buduls (an existing Director) who retires in accordance with Article 6.1(f) of the Company's Constitution and, being eligible, offers herself for re-election, be re-elected as a Director of the Company.'

Information about Ms Buduls' qualifications and experience appears in the Explanatory Statement and Notes attached to this Notice of Meeting.

2. That Mr Andrew Pipolo, a member who has self-nominated for election as a Director be elected as a Director of the Company.

Information about Mr Pipolo's qualifications and experience appears in the Explanatory Statement and Notes attached to this Notice of Meeting.

### Item 3 – Adoption of Remuneration Report

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

3. 'That the remuneration report of the Company for the financial year ended 30 June, 2006 is adopted'.

Note: In accordance with Section 250R of the Corporations Act 2001, the vote on resolution 3 will be advisory only and will not bind the directors or the Company.

### Item 4 – General Ratification of Previous Issue of Shares

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

4. 'The issue of 6,000,000 ordinary shares since November 2005, details of which are set out in the Explanatory Statement and Notes attached to this Notice of Meeting, be ratified for all purposes (including ASX Listing Rule 7.4).

### Item 5 – Approval for the grant of Performance Rights to Ms Deborah Wilson, Chief Executive Officer

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

"That under and for the purposes of ASX Listing Rule 10.14 and for all other purposes the grant to Ms Deborah Wilson, the Chief Executive officer of the Company, of Performance Rights up to the value of \$200,000 under the Company's Employee Performance Rights Plan at the discretion of the Board and otherwise as on the terms set out in the Explanatory Notes to this Notice of Annual General Meeting.

### Voting Exclusion Statement

In accordance with the Listing Rules of the Australian Stock Exchange Limited ("ASX") the Company will disregard any votes cast on Resolution 5 by Ms Deborah Wilson and any associate of Ms Wilson;

However, the Company need not disregard a vote if:

- 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
- 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

**Ken Edmondson**  
**COMPANY SECRETARY**  
18 October 2006

Shareholders are referred to the following documents accompanying this Notice of Meeting:

- i. Proxy Form;
- ii. Explanatory Statement and Notes;
- iii. Financial Reports, Directors' Report and Auditor's Report on the Financial Report for the period to 30 June 2006 included in the Annual Report of the Company.

## EXPLANATORY STATEMENT AND NOTES

This Notice of Annual General Meeting should be read in conjunction with this Explanatory Statement and Notes, which form part of this Notice of Annual General Meeting. A Glossary of key terms is set out at the end of this document.

### OVERVIEW OF BUSINESS AND RESOLUTIONS

#### Item 1 – Financial and Other Reports

The Annual Report to members includes the annual financial report, the report of the Auditor and the report of the Directors and the Director's declaration for the year ended 30 June 2006.

The financial reports are tabled for consideration in accordance with Section 317 of the Corporations Act.

#### Item 2 – Election of Director(s)

##### Resolution 1

Article 6.1(f) of the Company's Constitution requires that at every Annual General Meeting one third of the Directors (exclusive of the Managing Director) must retire from office and are eligible for re-election.

There are currently two Non-Executive Directors and one Managing Director (Chief Executive Officer) on the Board of the Company. One Director is required to retire. Ms Buduls, who has been the longest in office since last being elected, retires and offers herself for re-election.

Anna Buduls is an independent non-executive director. Ms Buduls has held senior positions within Westpac banking Corporation and Macquarie Bank Limited. She has also been Investment editor for The Australian Financial Review.

Ms Buduls other directorships include Macquarie Generation, SAI Global Limited, The Smith Family and she is non-executive Chair of Beyond Empathy. Ms Buduls holds a BA and a Masters in Commerce.

Anna has been on the HJB Board for 4 years and served for almost 3 years as non-executive Chairperson. She is currently Chairperson of the Company's Remuneration Committee and a member of the Company's Audit Committee.

The Directors recommend that shareholders vote in favour of this resolution.

##### Resolution 2

Article 6.1(n) of the Company's Constitution states that "a member may nominate themselves as a candidate for election as a director at a general meeting by signing a notice of nomination and serving it on the Company." Andrew Pipolo has given the Company such notice and nominates himself for election as a Director.

Mr Pipolo has been Managing Director of PayPal Australia since October 2004. PayPal Australia is a wholly owned subsidiary of eBay Inc. PayPal Australia is a regulated entity under both APRA and ASIC and has a local Board comprising a majority of independent directors. Andrew is an Executive Director on the PayPal Australia Board.

Andrew has over twenty years experience in the card payments and retail banking industries within Asia/Pacific and Europe. Andrew also has in depth understanding and experience of Internet security and online payment systems, acquired during his time as Regional Director of Orbiscom Asia/Pacific (2000 to 2002).

Andrew has formal qualifications in Marketing and Commerce from The University of NSW in Australia. He is also an Associate Fellow of the Australian Marketing Institute and a Member of the Australian Institute of Company Directors.

Mr Pipolo has no business relationship with the Company of which the Company is aware.

The Directors recommend that shareholders vote against this Resolution.

#### Item 3 – Adoption of Remuneration Report

The Company's remuneration report for the financial year ended 30 June, 2006 is set out in the Company's 2006 Annual report (which is available on the Company's website at [www.hjb.com.au](http://www.hjb.com.au)). The remuneration report forms part of the directors' report for the financial year ended 30 June, 2006.

The Remuneration report contains information required by Section 300A of the Corporations Act 2001 and AASB 1046: Director and Executive Disclosures by Disclosing Entities.

#### Item 4 – General Ratification of Previous Issue of Shares

In September 2006 the Company announced the purchase of the recruitment business of IT Resources Group. The acquisition was funded by cash and the issue of 6,000,000 shares at a value of \$0.30 to the vendor. The recruitment business of IT Resources Group is seen as complimentary to that of the Company and is forecast to be earnings per share accretive.

ASX Listing Rule 7.1 allows companies to issue up to 15% of their capital in a 12 month period without shareholder approval. The issue made in connection with the acquisition outlined above did not require shareholder approval as the Company had not reached the 15% limit. However the Company will need to include this issue in calculating its 15% limit. The ratification proposed in Resolution 4 would re-instate the capacity to issue further equity securities under ASX Listing Rule 7.1 within the 15% limit on new issues. This would give the Company maximum flexibility going forward to take advantage of growth opportunities as they are identified.

Accordingly the Board is recommending ratification of this previous issue.

**Item 5 – Approval for the grant of Performance Rights to Ms Deborah Wilson, Chief Executive Officer**

The members approved the establishment of an Employee Performance Rights Plan at the 2004 Annual General Meeting held on 19<sup>th</sup> November 2004.

Shareholder approval is sought for the grant of up to \$200,000 in value of Performance Rights which would vest over the period to 30 June 2008 or such other period as determined at the discretion of the Board, to Ms Deborah Wilson, the Chief Executive Officer of the Company, pursuant to the approved Employee Performance Rights Plan. Shareholder approval is required under ASX listing Rule 10.14 because Ms Wilson is a director of the Company.

Ms Wilson assumed the role of executive Chairperson on 26<sup>th</sup> April 2006. Following the resignation of Mr John Colvin as Chief executive Officer of the Company on 22<sup>nd</sup> June 2006 she was appointed to the joint role of Executive Chairperson and Chief Executive Officer with effect from 10<sup>th</sup> July 2006.

The non-executive Directors are of the view that the overall remuneration for Ms Wilson, including the proposed grant of Performance Rights is reasonable having regard to the circumstances of the Company, the duties and responsibilities of Ms Wilson and the market levels of remuneration for people in her position in similar sized companies.

ASX Listing Rule 10.15A requires this Notice of Meeting to include the following information in relation to the Performance Rights which may be granted to Ms Wilson pursuant to the plan.

Following this Annual General Meeting the Board proposes to grant a number of performance rights, not to exceed a value of \$200,000 to Ms Wilson to be vested over two separate measurement periods. The first measurement period is from the date of this AGM to 30<sup>th</sup> June 2006. The second measurement period is 1 July 2007 to 30<sup>th</sup> June 2008.

The major terms of the Performance Rights that may be issued to Ms Wilson under this Resolution are

- a) There is no amount payable by Ms Wilson either on issue or exercise of the Performance Rights. The Company will bear all costs associated therewith.
- b) The issue price of the Performance Rights will be based on the average of the share price over the five days prior to grant date.
- c) The Performance Rights will vest subject to the following measurement hurdles

Tranche	Ranking in S&P/ASX 200	Number of Rights Exercisable	Measurement Period/ Vesting Date
Tranche 1.	Below 51st percentile	No Rights Vest	22 November 2006 to 30 June 2007
	At 51st percentile	50% of Rights vest	
	Between the 51st percentile and the 74th percentile	for each 1% over the 51st percentile 2% of Rights vest	
	75th percentile and above	100% of Rights vest	
Tranche 2.	Below 51st percentile	No Rights Vest	1 July 2007 to 30 June 2008
	At 51st percentile	50% of Rights vest	
	Between the 51st percentile and the 74th percentile	for each 1% over the 51st percentile 2% of Rights vest	
	75th percentile and above	100% of Rights vest	

- d) A Performance Right which is not exercised will lapse on the expiry date being the fifth anniversary of the date of grant.
- e) Other features of the Performance Rights which are consistent with the Plan Rules include
  - (a) The Performance Rights will not be listed on ASX and will be issued for no consideration
  - (b) Any Shares issued on exercise of the Performance Rights will rank pari passu in all respects with the Company's Shares listed on ASX, and
  - (c) The Company will apply to ASX for official quotation of any Shares issued on exercise of the Performance Rights.
- f) Under the Plan 950,000 Performance Rights were granted to Mr John Colvin with the approval of members on 19<sup>th</sup> November 2004. Mr Colvin resigned from his position as Chief Executive Officer and Managing Director of the Company in June 2006 and therefore none of the Performance Rights issued will vest.
- g) There has been no other issue of Performance Rights under the Plan.

The Directors (with the exception of Ms Wilson who is abstaining) recommend that Shareholders vote in favour of Resolution Item 5.

A full copy of the Plan Rules is available on the Company website. A summary of the rules of the plan is given below.

- (d) Plan Rules – the Employee Performance Rights Plan Rules establish the Plan.
- (e) Eligible Persons – members of the Company's staff deemed eligible by the Board
- (f) Rights to acquire Shares – grants under the Plan will be a grant of rights to acquire Shares. The grant may comprise one or several tranches.
- (g) Invitation to Participate – under the Plan Rules the Board may invite selected Eligible Persons to apply for rights to acquire shares in the Company.
- (h) Rights are Non-Transferable – a Right granted to a Participant is not transferable and may not be otherwise dealt with, except with the Board's approval, or by operation of the law on death or legal incapacity.
- (i) Exercise Price – The exercise price (if any) will be an amount determined by the Board from time to time, fixed at the date of grant or determined by application of methodology approved by the Board.
- (j) Exercise of Rights – Rights to acquire Shares will not be exercisable until the end of the measurement period and until those Rights have satisfied all vesting conditions and all performance hurdles as may be established by the Board. This is subject to a number of exceptions (including death, cessation of employment, takeovers and schemes of arrangement). The Rights will have a specified life determined by the Board (Expiry Date). On or after the measurement date and provided any performance hurdle as prescribed by

- the Board has been achieved and, where applicable, to the extent it has been achieved, the Plan participant may then acquire Shares by exercising the Rights. A Right lapses if not exercised by the Expiry Date.
- (k) Early Cessation of employment due to Redundancy, Incapacitation or Termination – If in the opinion of the Board the Eligible Person in respect of whom rights are issued ceases employment with any participating Company prior to the exercise date as a result of incapacity, redundancy or termination by the Company other than for cause, the Eligible Person may exercise all vested rights as at the date of cessation of employment and any rights that are not vested on the date of cessation of employment will lapse.
  - (l) Early Cessation of Employment due to death – if in the opinion of the Board employment ceases because of termination for cause, being serious misconduct or fraud, any rights whether vested or not shall lapse on termination.
  - (m) Early Cessation due to resignation – if in the opinion of the Board employment ceases because of the employee resigning in circumstances other than redundancy or incapacitation, then all rights whether vested or not shall lapse on resignation.
  - (n) Early Cessation of Employment due to death – if employment ceases because of the employee's death, any Rights that may have vested may be exercised by the estate from the date of death until the expiry of 12 months after that date.
  - (o) Takeover or scheme of Arrangement – if either of these events occur in relation to the Company, then the employee will be entitled to exercise any rights that vested prior to the date of takeover or Scheme and may be entitled to exercise some or all of the remaining rights subject to the terms of grant for that employee.
  - (p) Performance Hurdle – the Board may determine that in respect of any grant, rights will be granted under the Plan only where a performance hurdle is attained.
  - (q) Restrictions on disposal – the Board may implement an appropriate procedure to restrict the disposal by a Participant of any Shares acquired resulting from the exercise of a Right. The participant undertakes to comply with any restriction imposed by the Board.
  - (r) Source of Shares – Shares required for the purposes of the Plan may be sourced either by issuing new Shares or by acquiring existing Shares.
  - (s) Payment for Shares – any costs associated with Shares issued or purchased for the purposes of the Plan will be paid by the Company. Any exercise price payable on the exercise of a Right will be paid by the participant.
  - (t) Reconstructions, Bonus and Rights Issues – the Exercise Price (if there is one) of a Right will be adjusted in the manner contemplated by the ASX Listing Rules from time to time to take account of capital reconstructions and bonus issues. If there is a Rights Issue to all Shareholders before a Right under the Plan is exercised, the Exercise price (if there is one) for a Right will be appropriately adjusted in accordance with ASX Listing Rules. If there is no Exercise Price the number of Shares subject to the Right may be adjusted as the Board considers appropriate, subject to the confirmation by the Company's auditors that it is fair and reasonable. If there is a bonus issue to all Shareholders then the number of Shares subject to the Right may be increased by the number of Shares that the holder of the Right would have received if the Right had been exercised before the record date for the bonus issue.
  - (u) Issued Capital not to exceed 5% - the number of Shares that may be issued under all of the company's employee share plans (assuming all options and rights to acquire Shares are fully exercised) must not exceed 5% of the issued capital of the Company at any time. This limit is applied in accordance with the requirements of ASIC Class Order CO03/184 concerning employee share schemes.
  - (v) Amendments to Plan Rules – subject to the provisions of the Plan and the Listing Rules the Board may amend the Plan Rules or the other Terms of Grant. However the Rules may not be amended if broadly, in the board's opinion the amendment would materially reduce the Rights of a Participant in respect of a Right already granted. Exceptions to this permit amendment for the purpose of complying with State or Commonwealth Legislation, the Company's Constitution or the Listing Rules. Also to address possible adverse tax implications for Participants generally or any Group Company.

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## GLOSSARY OF TERMS

<b>ASIC</b>	Australian Securities & Investment commission
<b>ASX</b>	Australian stock Exchange Limited ACN 008 624 691
<b>ASX Listing Rules</b>	the Listing Rules of ASX
<b>Board</b>	the Board of Directors of the Company from time to time
<b>Broker</b>	a member organisation of ASX
<b>Business Day</b>	the same meaning as in the ASX Listing Rules
<b>CHESS</b>	Clearing House Electronic Subregister System
<b>Closing Date</b>	the last day on which Application Forms will be accepted
<b>Company</b>	Hamilton James & Bruce Group Limited ACN 091 302 975
<b>Corporations Act</b>	Corporations Act 2001 (cth)
<b>Director</b>	a Director of the Company
<b>Explanatory Notes</b>	means this document which accompanies the Notice of meeting
<b>General Meeting</b>	the General Meeting of Shareholders to be held on 22 November 2006
<b>Meeting or general Meeting</b>	the General Meeting of Shareholders to be held by the Company on 22 November 2006
<b>Performance Right</b>	means a right which on exercise entitles the holder of the right to be issued with or transferred an ordinary share in the Company
<b>Redundancy</b>	means termination of employment of an employee by the Company due to economic, technological, structural or other organizational change where through no act or default of the employee <ul style="list-style-type: none"><li>(a) the Company no longer requires the duties and responsibilities carried out by the employee to be carried out by anyone</li><li>(b) the Company no longer requires the position held by the employee to be held by anyone</li><li>(c) the Company has materially changed the duties and responsibilities or some other fundamental feature of the position held by the employee</li></ul>
<b>Registry</b>	Link Market Services Limited ACN 083 214 537
<b>Resolution</b>	means each Resolution set out in the Notice of Meeting
<b>Shares</b>	fully paid ordinary shares in the capital of the Company
<b>Shareholder</b>	means a holder of Shares in the Company

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## VOTING

It has been determined by the directors under 7.11.37 of the Corporations Regulations that for the purpose of voting at the annual general meeting, Shares in the Company will be taken to be held by those persons recorded as holding Shares on the Company's register as at 7:00pm on Monday 20<sup>th</sup> November 2006. Accordingly, those persons will be entitled to attend and vote at the Annual General Meeting.

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## PROXIES

Members who are entitled to attend and vote at the Annual General Meeting may appoint a proxy. A proxy can, therefore, be either an individual or a body corporate. Should you appoint a body corporate as your proxy, that body corporate will need to ensure that it:

- Appoints an individual as its corporate representative to exercise its powers at meetings, in accordance with section 250D of the Corporations Act 2001 (Cth); and
- Provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting.

If such evidence is not received before the meeting, then the body corporate (through its representative) will not be permitted to act as your proxy.

To be effective, a signed proxy form and the power of attorney or other authority (if any) under which the proxy form is signed or a copy of that power of authority must be lodged by 10:00am on Monday 20<sup>th</sup> November 2006 with the Company at the following address or facsimile number.

### Mail Address

Locked Bag A14  
Sydney South NSW 1235

### Facsimile

(02) 9287 0309

A form of appointment of corporate representative can be obtained by contacting the Company Secretary, Ken Edmondson, on (02) 8248 7007.

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