Savcor Group Limited

ABN 52 127 734 196

OFFER UNDER THE SAVCOR EMPLOYEE OPTION PLAN ("EOP")

EOP PLAN BOOKLET

This is an important document and should be read carefully in its entirety. If you have any queries about this offer you should obtain advice from your solicitor, stockbroker, accountant, financial adviser or a person licensed by ASIC to provide such advice. **Please note**, only Australian residents for income tax purposes employed by the Savcor Group Limited are eligible to participate under this Savcor Employee Option Plan offer.

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Share Price Information

Savcor Group Limited undertakes that, during the period which you may acquire the offered options or exercise such options, it will make available to you the current market price of its shares.

To request this information, please contact Lynley Howe on +612 9299 5677 or by email to lynley@remadvisors.com.au and the information will be provided to you to by email or by writing within a reasonable period of your request.

This booklet does not contain any specific recommendation to participate in the Savcor Employee Option Plan.

Further, any advice given in this booklet by way of explaining the terms and conditions of the Savcor Employee Option Plan is general advice only.

Employee should consider obtaining independent advice from a person licenced by ASIC to give such advice.

1. About the Savcor Employee Option Plan

The Savcor Employee Option Plan was established in November 2007 to enable eligible employees to receive Options over Savcor Group Limited Shares in recognition of their past and future service to the company.

An Option is not a Share, *but a right to acquire a Share*, at some time in the future, and subject to certain conditions.

These conditions, or more formally, *vesting conditions*, can be time based (that is, dependant on you completing a period of service) and/or performance based (that is, subject to an event happening).

Accompanying this booklet is your ***Letter of Offer***. Many of the conditions relating to your Offer are contained within the ***Term of Issue*** section of your Letter of Offer: i.e.

- **How many Options** you are being offered;
- The **Exercise Price** (or how much you have to pay to exercise these Options to receive Savcor Group Limited Shares);
- What the **Performance Vesting Conditions** are (if any);
- What the **Service Vesting Conditions** are (if any);
- The **Lapse Date** attached to these Options (or the last date you can exercise these Options); and
- The **Closing Date** of the Offer.

Each Offer is unique. Not all employees will receive an offer, and not all offers will be the same.

You should also be aware that the Terms of Issue for any future offers may also differ, so it is important that you read your Letter of Offer carefully, and understand all of the terms and conditions fully.

2. Receiving an Offer under the Plan

Your invitation to receive Options under the Savcor Employee Option Plan comprises the following documents:

- a personalised Letter of Offer (including the Terms of Issue);
- a personalised Letter of Acceptance;
- a copy of the Savcor Employee Option Plan Rules;
- a plan power point presentation on DVD or in person or via email; and
- this plan booklet.

If you have not received all of the above documents, please contact the Plan Administrator and replacement copies will be forwarded to you. The Plan Administrator can be contacted as follows:

- Telephone: +61 2 9299 5677 or 1800 773 382 within Australia;
- Email: info@remadvisors.com.au; or
- Fax: +61 2 9299 3677

Please take the time to fully review all of the offer documentation carefully.

3. Accepting an Offer under the Plan

If:

- once you have reviewed all the offer documentation; and
- sought independent advice (if necessary),

you decide that you wish to accept the offer, you need to complete the accompanying **Letter of Acceptance** and return it to the Plan Administrator by the **Closing Date**.

Once the offer is formally closed, the Options will be issued to you by Savcor Group Limited.

Your issue of Options will be recorded on a Plan Holding Statement. A plan statement will be sent to you whenever there is a change in your Options holding, that is, whenever you are granted options, exercise options or have options lapsed.

Accepting the offer also means you accept the Term of the Issue of the Options, and agree to be bound by the Plan Rules.

Please Note: It is not compulsory to accept the Offer. The choice is yours, but there is no downside risk to accepting the Offer.

Can I apply for Options later?
The Board currently expects to invite eligible employees to participate under this Plan only once each financial year.

The terms of offer under the Plan may vary if future offers are made.

4. Vesting of Options under the Plan

The Options, once issued (or granted) to you, will still need to ***vest*** in order for you to exercise them and receive Savcor Group Limited Shares.

Vesting of your Options may require you to satisfy a:

- **Service Vesting Condition**; and/or
- **Performance Vesting Condition**.

Both these conditions will be set out in your **Letter of Offer.**

Once the Options have met all vesting conditions, they can then be exercised.

5. Exercising of Options under the Plan

Subject to any conditions set down in your Letter of Offer, Vested Options may be exercised at any time between the first Exercise Date for those Options and the Expiry Date.

To exercise your Options you will need to complete a Notice of Exercise form and pay the Exercise monies due (that is, the Exercise Price x the Number of Vested Options you wish to exercise).

It may be possible at that time, however, to use a financing facility to provide a cashless exercise service.

Once your Options have vested and are available for exercise, the Plan Administrator will contact you to discuss the process for exercising your Options.

Vested Options, which have not been exercised by the Expiry Date will lapse.

Do I have to exercise my Options?

No - you do not have to exercise your **Options.** If you have not exercised them before the Expiry Date they will lapse.

Do I have to exercise all of my Options at the same time?

No - subject to the rules, you can exercise some or all of your **Options**, subject to:

1. The Performance and Service Conditions having been satisfied;
2. Exercising the minimum marketable parcel ($5,000.00) of Shares
3. Exercising within the trading periods allowed under Share Trading Policy.

Can someone else exercise my Options?

No. Any **Options** you have been granted are for you personally as an employee of Savcor Group Limited-generally, they cannot be exercised by anyone else. In addition, you cannot transfer your **Options** or use them as security.

6. Lapsing of Options under the Plan

The Options will expire at the earlier of the following times:

- On **14 December 2007**, if Savcor has not undertaken an Initial Public Offering ('IPO');
- 5.00pm Sydney time on the day set as the Last Exercise Date as set out in the Offer Document;
- 30 days following the date your employment with Savcor ceases or is terminated, or such later date as is determined by the Board or set out in the Plan Rules;
- In the event of your death or disability, the date determined by the Board or as set out in the Plan Rules;
- The date otherwise determined by reference to Rule 7 in the EOP Rules.

Vested Options that have not been exercised or acquired by the lapsing or expiry date (as well as any unvested Options) will be forfeited.

7. Questions & Answers

1. Who is eligible to participate?

All executives who have been invited by the Board to participate and receive a Letter of Offer.

2. What do I have to do to participate?

The completed Letter of Acceptance must be received by the closing date. You can return it by:

Post to:	CRA Plan Managers Pty Ltd P O Box Q807 QVB Post Office NSW 1230 AUSTRALIA
Fax to:	+61 2 9299 3677
Email to:	lynley@remadvisors.com.au

3. Does this amount appear on my PAYG Payment Summary?

No, it does not appear as part of your gross salary on your payment summary, nor is it a reportable fringe benefit.

4. Does this effect the level of my superannuation contributions that the Company has to pay?

No.

5. Who pays the brokerage fees and stamp duty (if any) on any Shares acquired?

If shares are acquired on exercise of the **Options** the Company will pay any brokerage fees or stamp duty (if any).

6. Do I receive an Options Certificate?

No. You will receive a Holding Statement recording any Options granted to you.

7. Can I exercise only some of my Options ?

Yes, as long as:

- Any Performance and Service Conditions having been satisfied;
- You exercise the minimum marketable parcel (AUD$5,000.00) worth of shares;
- You exercise within the trading periods allowed under the Share Trading Policy.

8. What are the risks associated with this Plan?

The **Options** are offered to you and their exercise is subject to meeting specified Performance and Service Vesting Conditions. The Options will be granted for no monetary consideration. If the **Options** are not exercised you will owe nothing and the **Options** will lapse.

9. What are the tax implications of this Plan?

Please refer to section 8 of this booklet "Australian Taxation Consequences of the Savcor Employee Option Plan".

10. Does the ownership of Options enable me to vote on issues put to the shareholders?

No. If you exercise your **Options** and become a shareholder then you can vote.

11. As an Optionholder am I entitled to any dividends?

No. If you exercise your **Options** and become a shareholder you will become entitled to receive dividends, if any.

12. Can I participate in the Plan in another person's name?

No, not unless specific Board approval is given in accordance with the Plan Rules.

13. Are there any general restrictions on dealing in Shares or Options ?

Savcor Group Limited has a Share trading policy which governs when an employee may acquire and trade in Shares and/or **Options** (including Shares and/or Options issued under the Plans).

For example, if you possess 'inside information' about the Company (that is, information which is not generally available but which would be likely to affect the Share price if it were publicly known), you will not be able to deal with Shares or Rights previously issued to you.

14. If I terminate my employment with Savcor, what happens to my Options?

In the event your employment with Savcor ceases or is terminated the Board may determine the proportion of any unvested or unexercisable Options which you will be entitled to exercise at the date your employment ceases or is terminated. Any vested Options may be exercised for a period of 30 days after such date following which they will lapse unless the Board determines and advises otherwise.

15. What happens to the Options if I die or am disabled?

Special conditions apply. See the Plan Rules.

16. What happens to my Options if there is a takeover bid for the Company?

A takeover bid may give rise to an early opportunity to exercise your **Options**. See the Plan Rules.

17. Can I transfer ownership of my Options to anyone else?

No.

18. Can I use my Options as security?

No.

19. Who can I email if I need help, or have any questions?

lynley@remadvisors.com.au

8. Taxation Consequences of the Savcor Employee Option Plan

The following information is provided by ***PriceWaterhouseCoopers***, and was correct as at the date of offer.

This information is given as a general guide to Australian resident employees who receive Options to acquire Ordinary Shares (Shares) in Savcor Group Limited (Savcor) under the Savcor Employee Option Plan (EOP). The explanation provided below is based on current tax laws and practice. Accordingly, we believe that it is in the employee's best interest to seek professional advice from their own tax advisors or agents in the context of their own circumstances.

Executive Summary

Outlined below is a table which summarises the main taxation issues arising for those participating in the EOP. Further detailed explanations are contained in the text following the table.

	Assessable amount	
Potential taxing times/events	**Deferral (no associate or no election)**	**Upfront (election made or associate)**
Acquisition (issue of Options)	Nil	Discount (deemed value of the Savcor Option) – ordinary income[1]
Sale of Options:		
• *Less than 12 months after acquisition*	Discount (sale proceeds) – ordinary income	Proceeds less deemed market value of the Savcor Option at grant – capital gains (no 50% exemption)[2]
• *12 months or more after acquisition*		Proceeds less deemed market value of the Savcor Option at grant – capital gains (50% exemption)[2]
Exercise Options and hold Shares for more than 30 days	Discount (deemed value of the Savcor Option at the date of exercise) – ordinary income	Nil
Sale of Shares:		
• *Within 30 days of exercise*	Discount (sale proceeds less exercise price) – ordinary income	Proceeds less deemed market value of Savcor Option at grant and exercise price – capital gains (no 50% exemption)[2]
• *More than 30 days and less than 12 months after exercise*	Increase in market value of Savcor Shares since exercise – capital gains (no 50% exemption)	
• *12 months or more after exercise*	Increase in market value of Shares since exercise – capital gains (50% exemption is available)	Proceeds less deemed market value of the Savcor Option at grant and exercise price – capital gains (50% exemption is available)[2]
Lapse of Option	Nil	Tax paid at acquisition is refunded unless granted to an associate[3]

Table notes:

1. If held by an associate, the discount amount is assessed in the hands of the employee and not to the associate.
2. Assessed in the hands of the holder of the Options/Shares – ie employee or associate as appropriate.

3. If held by an associate, a capital loss may be available to the associate.

Introduction

The taxation legislation will apply in situations where an employee of Savcor is provided with shares or rights to shares (in this case an Option to acquire Savcor Shares) at a discount and they are provided in respect of or in relation to the employee's employment, i.e. they are provided in pursuance of an 'Employee Share Scheme'. Where this situation applies, the income tax rules generally require that the amount of the discount be included in the employee's assessable income (regardless of whether the employee acquires the shares). The taxation consequences will vary depending upon whether or not the Options acquired under the EOP can be regarded as "qualifying rights". There may also be capital gains tax (CGT) consequences to consider.

There is no requirement that any amounts included in an employee's assessable income under the employee share scheme provisions or under the CGT provisions, be included on the relevant employee's PAYG payment summary. Rather, the onus is placed on the participating employee to disclose the relevant income and/or make any appropriate election in his or her annual income tax return.

We also note that the following explanation assumes that the Savcor Options will be granted prior to Savcor listing on the Australian Stock Exchange (ASX) and therefore the explanation assumes that the underlying Savcor shares are not currently listed on the ASX, but includes the possibility that the Savcor Shares will be listed on the ASX in the future.

When is the discount taxed?

Employees

The Savcor Options issued under the EOP to Savcor employees should generally be treated as "qualifying" rights. Accordingly, any tax payable on the value of the Options can potentially be deferred for a period of up to 10 years. Notwithstanding this however, an employee may elect to pay tax in the year when the Options are acquired, ie upfront.

The "discount" upon which tax is levied is calculated differently depending upon whether tax is paid upfront or is deferred.

In this respect, if an employee chooses to pay tax upfront he or she must elect to do so, in writing, before lodging his or her income tax return for the year in which the Savcor Options are acquired. The election need not be lodged with the Tax Office but should be retained by the employee with their taxation records for that income year. A pro-forma election notice has been prepared for your reference and is attached for this purpose.

Associates

Options issued under the EOP to an associate of a Savcor employee will not be "qualifying" rights. Accordingly, no tax deferral is available and the employee (not the recipient associate) will be assessable upfront on the "discount" amount. Further, as explained below, where the Savcor Options are issued to an associate there can potentially be adverse tax consequences if the Options are allowed to lapse. Accordingly, the use of associates (such as family members) as recipients of the Savcor Options may not be recommended where the assessable "discount" amount is significant.

Election to pay tax upfront (or Options issued to an associate)

Where the employee elects to pay tax upfront or Savcor Options are issued directly to an associate, the employee (ie not the associate) is required to include the discount (if any) in his or her assessable income in the year the Options are acquired. The election will apply to all options and shares acquired by a Savcor employee in that year whether under the EOP or any other plan.

The amount of the discount is the "market value" of the Option at the time of acquisition less any consideration paid or given by the participant to acquire the Option.

In respect of options to acquire shares in an unlisted entity, as is proposed for the EOP, the market value of these options is generally determined by reference to specific rules and valuation tables contained in the income tax legislation. These rules and tables determine the market value of unlisted options by taking into account the market value of the underlying shares, the exercise price and the exercise period of the options.

Where an election is made to be assessed upfront on any discount or the Savcor Options are issued to an associate, there are no tax consequences when the Options are exercised. The subsequent sale of the Options or Shares in Savcor acquired once they have been exercised may attract CGT consequences (refer below).

Worked Example

To illustrate, the following example assumes you were granted **10,000** free Options to acquire Savcor Shares at an exercise price of **$2.00**. It is further assumed that the term of the Option is 5 years and the market price at the time of grant for Savcor Shares is **$1.49** per Share.

Example Issue Date	01-Dec-07
Number Of Options	10,000
Exercise Price	$ 2.00
Market Value of Savcor Shares as at Issue Date:	$ 1.49
Market Value of Option Grant	$ 320.00

Under the proposed EOP terms and conditions and assumed market value of Savcor Shares at the time Options are to be granted as outlined above, an employee who is assessed upfront in relation to a grant of **10,000** Options would be assessable on an amount of **$320.00** (being the deemed market value of the Options) in the year of grant as ordinary income at their applicable marginal tax rate.

Deferral concession

In broad terms, the deferral concession allows an employee to defer tax for a maximum period of up to ten years on any discount component. Importantly, you should note that this concession would not apply to an employee if the Savcor Options are granted to an associate or the employee elects to pay tax upfront on any discount amount.

The concession operates to tax the employee on the discount at what is called the "cessation time". The cessation time for an option is defined to be earliest of the following times:

- When the employee disposes of the option (otherwise than by exercise);

- When the employee's employment in respect of which the option was acquired ceases;
- When any restrictions on the disposal of shares acquired as a consequence of exercising the option are lifted;
- When the option is exercised (but only where there is no restriction or condition attaching to the share acquired as a result of the exercise); and
- The end of the ten year period starting from when the option was acquired.

In the case of the Savcor Options, a cessation time will not occur when the Savcor Options "vest" to an employee or where any restrictions imposed in respect of exercising the Options issued under the EOP are lifted. Thus, employees should not be liable to tax if and when the Savcor Options become "vested" or restrictions on exercise are subsequently lifted, in the absence of one of the cessation events outlined above. On this basis, we consider that the cessation time for Savcor Options acquired by participants will generally be when an employee sells or exercises their Savcor Options. Alternatively, the cessation time may occur on cessation of employment with the Savcor Group.

The legislation prescribes rules for calculating the discount where the deferral concession applies. Those rules apply upon disposal of Options and for shares, will vary depending upon whether the shares acquired as a result of exercising Options are disposed of within 30 days of the cessation time.

Sale of Options or exercise of Options and sale of Shares within 30 days

Where the Savcor Options are sold or alternatively the Shares in Savcor acquired as a result of the exercise of Savcor Options are disposed of within 30 days of the cessation time, the amount of the discount assessed will generally be the gain derived by the employee from the sale of their Savcor Options or Savcor Shares.

In the case of a disposal of Savcor Options, this discount amount will be the amount of the sale consideration received. In the case of a disposal of Savcor Shares, this discount amount will be the sale consideration received less the exercise price paid. There will be no CGT consequences for an employee, if they dispose of their Savcor Options or Shares in Savcor in this manner.

Exercise of Options and sale of Shares after 30 days

Where Shares in Savcor acquired as a result of the exercise of Savcor Options are not disposed of within 30 days of a cessation time, the assessable discount will be the market value of the Savcor Options at the cessation time.

As indicated above, the market value of unlisted Options is generally determined by reference to specific rules and valuation tables contained in the legislation which takes into account the market value of the underlying shares, the exercise price and exercise period of the Options.

In this respect we note that whilst Shares in Savcor are currently unlisted, the market value of Savcor Shares will be separately determined and advised by the Board of Savcor. In the future where the Savcor Shares become listed for quotation on the ASX, the market value of the Shares in Savcor will be the weighted average of the prices at which the shares were traded during the preceding week. If after listing on the ASX the Savcor shares are not traded during that particular week, the market value will be the last offer price.

In this case the subsequent sale of the Savcor Shares may also attract CGT consequences (refer below).

Lapse of Options

Under the employee share scheme provisions, where options are granted to an employee (ie not an associate – refer below), no tax is imposed where an employee forfeits the options or the options lapse without having exercised them. If an employee elected to pay tax up-front on any discount he or she may seek a refund of tax paid without any time limit. This will be relevant where an Savcor Option is not exercised within the relevant exercise period, or for any other reason specified under the terms of the EOP.

Where Savcor Options are issued to an associate, there is no entitlement to a refund of tax previously paid under the employee share scheme provisions where the Savcor Options are forfeited or lapse without having been exercised. A capital loss may be available to the associate equivalent to the market value of the Savcor Option (as determined above) at the time the Savcor Option was acquired.

Dividends

Savcor Options do not carry any entitlements to receive dividends. Any dividends paid by Savcor on any Shares obtained from the exercise of the Savcor Options granted to participants will be taxable in the year of receipt. Specifically, the full amount of dividends received and any franking credits must be included in the assessable income of participants and will be subject to tax at the participant's normal marginal tax rates. The total tax payable on the dividend is reduced by a rebate equal to the amount of the franking credits included in the assessable income of the participant.

Capital Gains Tax

Generally speaking, where a participant disposes of their Savcor Options or Shares in Savcor, the excess of the sale proceeds over the cost base of those Options or Shares will be included in their assessable income under the CGT provisions. Where the Savcor Options or Shares in Savcor are subsequently held personally for more than 12 months and one day, a 50% exemption from CGT may also apply in relation to any gain.

If the amount of the sale proceeds is less than the cost base of the Savcor Options or Shares in Savcor, a capital loss will arise. Capital losses may only be used to offset capital gains of the same or a subsequent year. They cannot be used to reduce ordinary income.

The CGT consequences and cost base of the Savcor Options or Shares in calculating any gain on disposal will differ depending upon whether or not tax was deferred by the participant on the acquisition of the Savcor Options.

Election to pay tax upfront or Options issued to associate

- ***Sale of Options***

If an employee elected to pay tax at the time a Savcor Option was acquired or the Savcor Options were issued to an associate, a participant will be liable for CGT in respect of any increase in the market value of the Savcor Option since the date of acquisition until the date of disposal. Providing that the Savcor Options have been held for at least 12 months and one day prior to the time of sale, participants (other than associates which are companies) should qualify for the 50% exemption from CGT in respect of any gain on the Savcor Options.

In this respect, under the income tax rules, the capital gain or loss will be the difference between the market value of the Options on the date of grant and the market value of the Options on the date of disposal of the Options.

- ***Sale of Shares***

As indicated above, where an employee elects to pay tax at the time the Savcor Option was acquired or where the Savcor Options were granted to an associate and the participant or associate (as the case may be) subsequently exercises the Savcor Option, there will be no CGT consequences at that time.

However, CGT consequences may arise in relation to a subsequent sale of the Shares in Savcor received. The cost base of any Share acquired in Savcor as a result of the exercise of the Savcor Option will be the deemed market value of the Savcor Option at the time of acquisition (which was assessed to the employee under the employee share scheme provisions) plus the exercise price of the Savcor Option. Where the Savcor Shares are held for at least 12 months and one day prior to any subsequent sale, participants (other than associates which are companies) should qualify for the 50% exemption from CGT in respect of any gain (i.e. maximum tax rate currently of 23.25%). Sales within 12 months do not qualify for the 50% exemption from CGT.

The capital gain or loss will be the difference between the cost base comprising of the market value of the Options at the date of grant plus the exercise price of the Savcor Options and the sale proceeds received in respect of the Savcor Shares sold.

Worked Example

Example Sale Date	01-Dec-09
Number Of Options	10,000
Exercise Price	$ 2.00
Market Value of Savcor Share as at Sale Date:	$ 2.50
CGT Value at Sale	$4,680.00
CGT Liability	$1,088.10

For an employee issued with **10,000** Options under the terms and conditions as outlined above, assuming all Options vest and the value of each Share at the sale date is **$2.50**, the employee's pre-discount capital gain on a sale of the Shares would be:

($2.50 x 10,000) less ($2.00 x 10,00) less $320.00 = **$4,680.00**

with a corresponding tax liability of **$1,088.10**t a discounted tax rate of 23.25%). Therefore, the overall after-tax return to the employee would be:

Market Value		**Exercise Cost**		**Income tax paid on grant**		**CG Tax**		**Net Benefit**
$25,000	*less*	$20,000	*less*	$148.80	*less*	$1,088.10	=	$3,763.10

Deferral concession

- ***Sale of Options or exercise of Options and sale of Shares within 30 days***

As indicated above, there are no CGT consequences where an employee disposes of his or her Options or exercises his or her Options and disposes of the relevant shares acquired in an arm's length transaction within 30 days.

Any gain (ie sale consideration for Savcor Options and sale consideration less the exercise price for Savcor Shares) is taxed as ordinary income under the employee share scheme provisions. However, no relief is available in respect of a loss under either the ordinary income or CGT provisions.

- ***Exercise of Options and sale of Shares after 30 days***

Where shares acquired as a result of the exercise of Options are not disposed of within 30 days of exercise of the Options, the subsequent disposal of those shares will have CGT consequences.

In calculating the taxable capital gain, the cost base of the Savcor Shares will be their market value at the cessation time as determined above. Where the Savcor Shares are subsequently held for at least 12 months and one day after exercise of the Savcor Options, the 50% concession from CGT should also apply.

Worked Example.

Under the same example outlined above, the employee would be assessable on **$5,000.00** as ordinary income at their marginal tax rate (i.e. $2,325.00 tax liability at the highest marginal tax rate, currently at 46.5%). On this basis, the overall after-tax return to the employee would be **$2.275.00**.

Market Value		**Exercise Cost**		**Net sales proceeds**		**Income Tax**		**Net Benefit**
$25,000	*less*	$20,000	=	$5,000.00	*less*	$2,325.00	=	$2,275.00

Savcor Group Limited

ABN 52 127 734 196

Savcor Employee Option Plan "EOP"

Plan Rules

November 2007

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1. PURPOSE

1.1 The Savcor Employee Option Plan provides Eligible Employees with the opportunity to acquire an ownership interest in the Company.

1.2 The manner in which Eligible Employees will be invited to participate in the Plan is set out in these Rules.

1.3 The Plan commences on the date these Rules are adopted by the Company or any later date that the Board decides.

2. DEFINITIONS

In these Rules, unless the contrary intention appears:

"Acceptance Form" means a duly completed and executed document of acceptance by an Eligible Employee of an Offer in a form approved by the Board from time to time.

"Associated Company" means in relation to the Company, a body which is a related body corporate in terms of Section 50 of the Corporations Act.

"Associate" means a person who on a written application by an Employee is approved by the Board to be granted or to hold Options and who is:

(a) a spouse, parent, child, brother or sister of the Employee; or

(b) a company controlled by the Employee or a person set out in paragraph (a).

"ASX" means ASX Limited.

"Board" means the Board of Directors of the Company as constituted from time to time.

"Certificate" means the Option certificate issued pursuant to Rule 5 in such form as the Board may approve from time to time, or if the Board has determined that Options will be uncertificated then the statement issued to the Participant which discloses the number of Options entered in the register of Option holders.

"Company" means Savcor Group Limited ABN 52 127 734 196.

"Control" has the same meaning as in Section 50AA of the Corporations Act.

"Corporations Act" means the Corporations Act 2001 (Cth).

"Date of Grant" means in relation to an Option granted to an Eligible Employee who duly accepts the Offer, the date determined by the Board being a date not later than thirty (30) days after the date specified as the closing date of the Offer.

"Director" means a director of the Company or any Associated Company.

"Eligible Employee" means an Employee or an Associate of such Employee who has been selected by the Board to receive an invitation or who has been approved for participation in the Plan.

"Employee" means a person whom the Board determines to be in the full-time or part-time employment of a company in the Group as an Executive Officer.

"Executive Officer" has the meaning given to that term in the Corporations Act.

"Exercise Period" means the period commencing on the First Exercise Date and ending on the Last Exercise Date.

"Exercise Price" means the amount payable by a Participant on the exercise of an Option, being the Market Value as at the Date of Grant less any reduction in accordance with Rule 10 or such other amount payable as determined by the Board and specified in the Offer to Eligible Employees.

"First Exercise Date" means a date determined by the Board and specified in the offer to Eligible Employees.

"Group" means the Company and the Associated Companies.

"Last Exercise Date" means the earlier of 5:00 pm Sydney time on the day five years after the Date of Grant, or such other date (not exceeding ten years after the Date of Grant) as is determined by the Board and specified in the offer to Eligible Employees.

"Listing Rules" means the official listing rules of the ASX.

"Market Value" means the weighted average market price of a Share sold on ASX during one week of trading days immediately before the Date of Grant of an Option or such other date or period that the Board considers appropriate to ensure the Market Value so determined will comply with the requirements of Division 13A of the Income Tax Assessment Act 1936 (as amended) or the Australian Taxation Office.

"Notice of Exercise" means a duly completed and executed notice of exercise of Option by a Participant, in a form approved by the Board from time to time.

"Notice of Transfer" means a duly completed and executed notice of transfer of Option by a Participant, in a form approved by the Board from time to time.

"Offer" means an offer of Options in the Plan made under Rule 3.2.

"Option" means a right, granted to a Participant, to subscribe for or acquire Shares under the Plan.

"Participant" means an Eligible Employee who accepts the offer to participate in the Plan, agrees to be bound by the Rules and holds an Option granted under the Plan and a Transferee.

"Person" includes a body corporate and the trustee of a trust estate.

"Plan" means the Savcor Employee Option Plan established and operated in accordance with these Rules.

"Qualifying Reason" means death, total and permanent disability, redundancy, termination of the employee without cause, or any other reason as determined by the Board in its absolute discretion. For the avoidance of doubt, termination with cause means any right to immediate termination (including for the reason of fraud, defalcation or gross misconduct in relation to the affairs of the Company or Associated Company (whether or not charged with an offence) or doing any act which in the opinion of the Board brings the Company or any

Associated Company into disrepute) and also includes sustained performance below expectations by the employee.

"Relevant Requirements" means the performance, vesting and/or other criteria (if any) which are determined by the Board and specified in the Offer to an Eligible Employee as reduced (if at all) or waived in whole or in part at any time by the Board and notified to the Participant.

"Rules" means the rules governing the Plan set out in this instrument, as amended from time to time.

"Security Interest" means a mortgage, charge, pledge, lien or other encumbrance of any nature.

"Share" means a fully paid ordinary share in the capital of the Company which ranks equally with and has the same rights as other fully paid ordinary shares in the capital of the Company which are listed for quotation on the ASX.

"Termination of Employment" means the termination or cessation of employment or the holding of an office with the Company or any Associated Company (other than for the purposes of re-employment with any other company in the Group) of a Participant.

"Transferee" means a person to whom an Option is transferred under these Rules.

2.2 **Interpretation**

In these Rules, unless the contrary intention appears:

(a) reference to any legislation or any provision of any legislation includes any modification or re-enactment of the legislation or any legislative provision substituted for, and all legislation and statutory instruments and regulations issued under, the legislation;

(b) words denoting the singular include the plural and vice versa;

(c) words denoting a gender include other genders;

(d) words denoting an individual or persons include bodies corporate and trusts and vice versa;

(e) headings are for convenience only and do not affect the interpretation of these Rules;

(f) reference to a clause or paragraph is a reference to a clause or paragraph of these Rules, or the corresponding Rule or Rules of this Plan as amended from time to time;

(g) reference to any document or agreement includes reference to that document or agreement as amended, novated, supplemented, varied or replaced from time to time;

(h) where any word or phrase is given a definite meaning in these Rules, any part of speech or other grammatical form of that word or phrase has a corresponding meaning;

(i) if a Participant is an Associate then:

(i) a reference in these Rules to a Participant ceasing (for any reason and howsoever defined or described) to be an Employee shall be a reference to the Employee in respect of who the Associate is the Associate so ceasing to be an Employee as if the

Options held by the Associate were held by such Employee, and the Rules shall apply accordingly, and

(ii) the Rules shall otherwise apply to and bind the Associate; and

(iii) a reference in Rule 7.1(d) to a Participant, shall, where Options are held by an Associate of an Employee, extend to the Employee of which the Participant is the Associate.

(j) if a Participant is a Transferee then:

(i) the Rules shall otherwise apply to and bind the Transferee; and

(ii) a reference in Rule 7.1(d) to a Participant, shall, where the Transferee is,

an Associate of an Employee, extend to the Employee of which the Participant is the Associate.

3. MAKING OF OFFERS

3.1 Only Eligible Employees are entitled to participate in the Plan.

3.2 The Company may by notice in writing offer to each Eligible Employee, Options in the Plan. Each Offer constitutes an offer to the Eligible Employee to apply for and accept a grant of the number of Options specified in the Offer.

3.3 The Offer shall specify:

(a) the name and residential address of the Eligible Employee to whom the Offer was made;

(b) the date of the Offer;

(c) the maximum number of Options available to the Eligible Employee;

(d) the duration of the Options;

(e) the First Exercise Date;

(f) the Last Exercise Date;

(g) the time period for acceptance of the Offer;

(h) the Exercise Price or the manner of determining the Exercise Price;

(i) the date for and manner of payment of the Exercise Price; and

(j) any other specific terms and conditions applicable to the Offer,

and shall be issued with an Acceptance Form and a copy of the explanatory booklet in respect of the Plan and such other information and documents as may be required by the Corporations Act or the Listing Rules.

An offer may include multiple offers of Options on such terms and conditions as specified by and at the discretion of the Board.

4. ACCEPTANCE OF OFFER

4.1 An Eligible Employee may accept an Offer by delivering to the Company an Acceptance Form within the time period specified in the Offer.

4.2 Notwithstanding any other Rule, an Eligible Employee may accept an Offer, in whole or in part in multiples of 100 Options, but if the Offer is accepted in part then the Eligible Employee may not subsequently accept the Offer in respect of the remaining Options unless those Options are re-offered to the Eligible Employee by the Company.

4.3 Following receipt by the Company of a duly completed Acceptance Form from an Eligible Employee in response to an Offer, the Board may grant Options and shall notify the Eligible Employee of the Date of Grant of any such Options.

5. ENTITLEMENT

5.1 Following receipt by the Company of a duly completed Acceptance Form from an Eligible Employee, a Certificate shall be issued evidencing that the Options have been granted to the Eligible Employee who shall be a Participant in the Plan, and the Certificate shall disclose the number of Shares for which the Participant is entitled to subscribe or acquire.

5.2 Each Option entitles the Participant to acquire or to subscribe for and be allotted, credited as fully paid, one Share at the Exercise Price.

5.3 Subject to these Rules the Company must allot Shares on the exercise of Options previously granted in respect of unissued Shares.

5.4 Shares issued on the exercise of Options will rank equally with all existing Shares from the date of issue.

6. EXERCISE OF OPTIONS

6.1 Rights may only be exercised by the Participant during the Exercise Period.

6.2 Subject to the satisfaction of the Relevant Requirements (if any) and these Rules (in particular Rule 6.5), a Option which has not lapsed is exercisable during the Exercise Period by the Participant lodging, no later than 7 days before the Last Exercise Date, a Notice of Exercise signed by the Participant, together with the Certificate and, subject to Rule 6.3, the Exercise Price, (if any) for each Share to be acquired on exercise, with the Company Secretary of the Company or other person nominated and notified to a Participant by the Board for that purpose.

6.3 All payments pursuant to Rule 6.2 shall be made by cheque, bank draft or postal order made out in favour of the Company and shall be forwarded to the Company Secretary of the Company or other person nominated and notified to the Participant by the Board for that purpose.

6.4 Each time a Participant exercises an Option, the Participant must exercise Options in multiples of 100 or such lesser number held by a Participant. Where a Participant submits a Notice of Exercise in respect of only part of the Options covered by a Certificate, the Company shall issue a Certificate which evidences the remaining number of Options held by the Participant.

6.5 An Option may only be exercised after the First Exercise Date and prior to the Last Exercise Date at any of the following times;

(a) in a period commencing immediately after:

- the Company's release of its half-yearly profit results to the ASX;
- the Company's release of its yearly profit results to the ASX;
- the conclusion of the Annual General Meeting of the Company,

and limited to a period of 4 weeks following such event unless prior written approval has been given by the Board;

(b) at or within such additional or replacement dates or periods as may be determined by the Board and notified to a Participant.

6.6 Notwithstanding Rule 6.5, a Participant must not lodge a Notice of Exercise with the Board, if the resulting acquisition of Shares or if the Shares were to be sold, such action by that Participant would breach insider trading provisions of the Corporations Act.

6.7 Unless the Board determines otherwise, where a Participant ceases to be employed by the Company or any Associate of the Company because of a Qualifying Reason, the Board may decide the proportion of the Options granted, which have not otherwise become exercisable under this Plan, which shall become exercisable, and the extent to which the Rules of this Plan shall apply.

7. LAPSE OF OPTIONS

7.1 An Option not previously exercised during the Exercise Period will lapse on the date which is the earlier of:

(a) the Last Exercise Date; and

(b) the date the Participant enters into a composition with his creditors in satisfaction of his debts or a bankruptcy order is made against him, unless the Company determines otherwise; and

(c) the date any company holding the Options ceases to be controlled by the Participant or the date the Participant ceases to be a principal beneficiary of any trust in which the Options are held, unless the Company determines otherwise; and

(d) a determination of the Board following the Participant having in the opinion of the Board been dismissed with cause or committing any act of fraud, defalcation or gross misconduct in relation to the affairs of the Company or any Associated Company (whether or not charged with an offence) or doing any act which in the opinion of the Board brings the Company or any Associated Company into disrepute.

(e) The expiration of 30 days after the termination or cessation of the Participant's employment with the Company or any Associated Company for any Qualifying Reason (including resignation).

(f) The day immediately prior to the day on which:

(i) the Company or any Associated Company stops or suspends payments to creditors generally or proposes to do so or enters into an arrangement, assignment or composition with its creditors or proposes to do so, or stops or threatens to stop carrying on its business;

(ii) the Company or any person on behalf of the Company or any Associated Company requests any person to appoint an administrator, receiver, receiver and manager, provisional liquidator, liquidator, inspector or any other such person ("Controller"); or

(iii) an application for the appointment of a Controller is made or a Controller is appointed in respect of the Company or any Associated Company or any of the assets or undertaking of the Company or any Associated Company or proceedings are commenced, or an application is made for the winding up of the Company or any Associated Company and not withdrawn or dismissed within 7 days or an order is made for the winding up of the Company or any Associated Company or, except with the prior consent in writing of the Participant and for the purpose of amalgamation or reconstruction, an effective resolution is passed or a meeting is summoned or convened for the purpose of considering a resolution for the winding up of the Company or any Associated Company.

8. TRANSFER AND CANCELLATION

8.1 Options may only be exercised by the Participant during the Exercise Period.

8.2 Options may not be transferred without the prior written consent of the Board. Such consent may be given subject to conditions including, without limitation, that the proposed transferee agrees to be bound by these Rules or that the proposed transferee agrees to immediately exercise the Options required.

8.3 Options will not be quoted on the ASX.

8.4 On the death of the Participant, the Options may be exercised during the Exercise Period in accordance with Rule 6 by the Participant's legal personal representative or in the event that an order is made for the Participant's estate to be administered under the laws relating to mental health then by the person who is appointed to administer such estate.

8.5 The Board may cancel Options on such terms and conditions as may be agreed with the Participant.

9. QUOTATION OF SHARES

The Company will make application to the ASX for official quotation of Shares issued on the exercise of Options, if other Shares of the Company are listed at that time.

10. CHANGES IN CIRCUMSTANCES

10.1 In the event of any reconstruction (including consolidation, sub-division, reduction, return, buy back or cancellation) of the share capital of the Company the number of Options to which each Participant is entitled and/or the Exercise Price of the Options shall be reconstructed in accordance with the Listing Rules. Options shall be reconstructed in a manner which will not result in any additional benefits being conferred on Participants which are not conferred on shareholders of the Company or vice versa.

10.2 Participants will not be entitled to participate in any new issue of Shares in the Company as a result of such holding unless they have become entitled to exercise their Options under the Plan and do so during the period of ten business days prior to the books closing date for the determination of entitlements to the new issue and participate as a result of being a holder of Shares.

10.3 (a) *Bonus Issue*

If the Company makes a bonus issue of Shares pro-rata to existing shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been allotted in respect of an Option before the books closing date for determining entitlements to the bonus issue, then the number of Shares over which the Option is exercisable shall be increased by the number of Shares which the Participant would have received if the Participant had exercised the Option prior to the books closing date.

(b) *Rights Issue*

If the Company makes an offer of Shares pro rata to existing shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been allotted in respect of an Option before the books closing date for determining entitlements to the rights issue, the Exercise Price of the Option shall be reduced according to the following formulae:

$$O' = O - E[P - (S + D)] / (N + 1)$$

Where

O' = The new Exercise Price of the Option;

O = The previous Exercise Price of the Option;

E = The number of Shares into which one Option may be exercised;

P = The weighted average market price of Shares sold in the ordinary course of trading on the ASX during the five trading days ending on the day immediately prior to the ex-entitlement date;

S = The subscription price for new Shares;

D = Any dividends due but not yet paid on existing Shares which will not be payable in respect of new Shares issued under the rights issue.

N = Number of cum rights Shares required to be held to receive an entitlement to subscribe for one new Share.

(c) *Capital Reorganisation*

If there is a reorganisation of capital of the Company applying pro-rata to existing shareholders and no Share has been allotted in respect of an Option before the books closing date for determining reorganisation to such capital, then the following shall apply:

(i) in a consolidation of capital of the Company, the number of Options shall be consolidated in the same proportion as the Shares in the capital of the Company are consolidated. The Exercise Price shall be amended in the inverse proportion to the ratio which is applied to Shares; or

(ii) in a sub-division of capital of the Company, the number of Options shall be sub-divided in the same proportion as the Shares in the capital of the Company are subdivided. The Exercise Price shall be amended in the inverse proportion to the ratio which is applied to Shares; or

(iii) in a reduction of capital by return of capital in the Company, the number of Options shall not be altered, however the Exercise Price of each Option shall be reduced by the same amount returned in relation to each Share; or

(iv) in a reduction of capital by cancellation of capital that is lost or not represented by available assets, the number of Options shall not be altered and the Exercise Price of each Option shall also remain unaltered; or

(v) in a pro-rata cancellation of capital in the Company, the number of Options shall be reduced in the same proportion as the Shares in the capital of the Company are reduced and the Exercise Price of each Option shall be altered by the inverse proportion to the ratio which is applied to Shares; or

(vi) in any other case, such capital reorganisation shall be consistent with Rule 10.1.

(d) *Aggregation*

For the purposes of Rules 10.3(a) or (b), if Options are exercised simultaneously, then the Participant may aggregate the number of Shares or fractions of Shares to which the Participant is entitled to subscribe for or which are to be allotted. Fractions in the aggregate number only will be disregarded in determining the total entitlements of a Participant.

11. CHANGE OF CONTROL

11.1 (a) Change of Control Event

A Change of Control Event occurs where:

(i) The Company becomes a Subsidiary of another corporation.

(ii) There is a sale of the business of the company other than to a company in the Group.

(iii) Where a company whish is a Subsidiary ceases to be a Subsidiary of the company.

(iv) Any other reorganisation of the Group which results in a Participant ceasing to be an eligible.

(b) Effect of a Change in Control

(i) Where a Change of Control event has or in the opinion of the Board will occur the Board may determine the manner in which the Options will be dealt with, so that the Participant remains as to the date of the determination in a financial position in respect of the options which is as near as possible as to that which existed prior to the Change of Control Event occurring.

(ii) In making their determination the Board may choose one of the following methods of dealing with the Options;

(A) Allowing the Participants affected by the Change of Control to exercise either all or a proportion of their Options within such time as determined by the Board after which the Options will lapse.

(B) Arranging for the new parent company of the company (or new parent of the Subsidiary) to become a Substituted Corporation whereby it agrees to assume the obligations of the company under the plan, to be bound by the rules of the plan and any determination made by the Board of the company prior to it agreeing to become a Substituted Corporation, and to issue to the Participant shares in the Substituted corporation on exercise of the option (as set out in Clause 7.2(c) below) or alternatively options to acquire shares in the Substituted Corporation (as set out in clause 7.2(d) below).

(C) Conducting a Buy-Back of the Options under these Rules.

(D) allowing the Participants affected by the Change of Control to transfer their Options.

(iii) Where Shares in a Substituted Corporation are to be issued on exercise of Options following a Change of Control Event occurring the Board shall arrange for the Exercise Price of the Options to be suitably adjusted prior to exercise and/or an appropriate number of Shares in the Substituted Corporation to be transferred and issued on exercise of the Option, to reflect differences at that time in the Fair Values of the Shares in the company and substituted Corporation, any foreign exchange effects and the capital structures of the Company and Substituted Corporation.

(iv) Where Options in another corporation are to be substituted for options following a change of Control Event occurring the Board shall arrange for the number and terms of Options substituted, the exercise price of those options and the number of shares in the other corporation into which the new Options are exercisable to as nearly as possible ensure the financial position of the Participant whose options are substituted remains the same if they were able to exercise the substituted Options at the date of substitution.

12. NOTICES

Notices under the Plan may be given in such manner as the Board from time to time determines.

13. RIGHT TO ACCOUNTS

Participants will be sent all reports and accounts required to be laid before members of the Company in a general meeting and all notices of general meetings of members but will not as a Participant have any right to attend or vote at those meetings.

14. ISSUE LIMITATIONS

The number of Shares that may be issued by the Company under this Plan when aggregated with the number of Shares issued during the previous 5 years under all employee share plans established by the Company (including as a result of exercise of options to acquire shares granted during the previous 5 years) must not exceed 5% of the total number of Shares on issue disregarding the following unregulated offers:

(a) an offer to a person situated at the time of receipt of the offer outside Australia; or

(b) an offer that is an excluded offer or invitation within the meaning of the Corporations Act 2001 or any relevant Class Order; or

(c) an offer that does not need disclosure to investors under the Corporations Act 2001.

15. VARIATION OF RULES

15.1 The Company may in accordance with the Listing Rules and subject to Rule 15.2 add to or vary any of these Rules, or waive or vary the application of any of these Rules in relation to any Participant, at any time by resolution of the Board.

15.2 If an addition or variation under Rule 15.1 reduces the rights of Participants in respect of Options held by them prior to the date of amendment under the Plan, the Board must obtain the written consent of three-quarters of the Participants affected by such addition or variation.

16. TERMINATION OR SUSPENSION OF THE PLAN

The Plan may be terminated or suspended at any time by resolution of the Board, but any such termination or suspension will not affect or prejudice rights of Participants holding Options at that time.

17. ADMINISTRATION OF THE PLAN

17.1 The Plan will be administered by the Board in accordance with these Rules. The Board may make regulations for the operation of the Plan which are consistent with these Rules.

17.2 Where the Rules provide for a determination, decision, approval or opinion of the Board, such determination, decision, approval or opinion of the Board shall be in its absolute discretion.

17.3 Any power or discretion which is conferred on the Board by these Rules may be exercised by the Board in the interests or for the benefit of the Company, and the Board is not, in exercising any such power or discretion under any fiduciary or other obligation to any other person.

17.4 The decision of the Board as to the interpretation, effect or application of these Rules will be final.

17.5 The Board may delegate such functions and powers as it may consider appropriate, for the efficient administration of the Plan, to a committee made up of persons capable of performing those functions and exercising those powers.

17.6 The Board may take and rely upon independent professional or expert advice in or in relation to the exercise of any of their powers or discretions under these Rules.

18. NO INTEREST IN SHARES

A Participant shall have no interest in Shares the subject of his or her Options unless and until those Options are exercised and Shares are allotted or transferred to that Participant as a result thereof.

19. RIGHTS OF PARTICIPANT

Nothing in these Rules:

(a) confers on any Participant the right to continue as an Employee of the Company or any Associated Company;

(b) affects any rights which the Company or any Associated Company may have to terminate the employment of any Employee; or

(c) may be used to increase damages in any action brought against the Company or any Associated Company in respect of any such termination.

20. GENERAL

20.1 The entitlements of the Participants and these Rules are subject to the Company's constitution, the Listing Rules and the Corporations Act.

20.2 The Plan must operate in accordance with these Rules which bind the Company, each Associated Company, and each Participant.

20.3 Notwithstanding any Rule or the terms of any Option, no Option may be granted or exercised if to do so would contravene the Corporations Act or the Listing Rules.

20.4 The Company must pay all the expenses, costs and charges incurred in operating the Plan.

20.5 The Participant shall pay any stamp duty (including penalties) which may be payable in connection with a transfer of an Option to the Company or a subsidiary of the Company under these Rules.

21. SECURITY INTERESTS

Participants shall not grant any Security Interest in or over or otherwise dispose or deal with any Options or any interest therein, and any such Security Interest or disposal or dealing will not be recognised in any manner by the Company.

22. GOVERNING LAW

This Plan and the rights of the Participants under the terms and conditions of the Plan shall be governed by the laws of the State of New South Wales.

ACCEPTANCE FORM

The Company Secretary
Savcor Group Limited

Full Name ______________________________

Residential Address ______________________________
____

I hereby accept the offer to take up [ ] Options on the terms specified in the Offer dated

I AGREE TO BE BOUND BY THE TERMS SET OUT IN THE OFFER AND BY THE RULES OF THE SAVCOR EMPLOYEE OPTION PLAN AND I ACKNOWLEDGE THAT I WILL BE REQUIRED TO BE BOUND, ON THE EXERCISE OF ANY OPTIONS, BY THE CONSTITUTION OF THE COMPANY.

______________________________ (Signature)
/ / 20

NOTICE OF EXERCISE

The Company Secretary
Savcor Group Limited

I, ________________________ being the registered holder of the Options in SAVCOR GROUP LIMITED ("the Company"), irrevocably exercise ____________________ Options to have ____________________ fully paid Ordinary Shares in the Company allotted to me.

I request the entry of my name in the register of members of the Company in respect of the Shares allotted to me in consequence of the submission of this notice to the Company.

I attach payment of $_________ in full settlement of the Exercise Price.

Signed:___________________ Date:____________________

Name:
Address:

26 November 2007

Name
Address
Email

Dear Name,

Savcor Employee Option Plan: November 2007 Offer of Options

The Board of Savcor Group Limited ("Savcor") is delighted to introduce and invite you to apply for Options over fully paid ordinary shares ("Shares") in Savcor under the Rules of the Savcor Employee Option Plan ("Plan").

Your eligibility has been determined by the Board of directors of Savcor Group Limited ("the Board") based on your ability to influence the future growth and direction of the Savcor Group.

Enclosed with this letter are the following documents:

- A **Letter of Acceptance** – which must be completed if you wish to participate in this offer of Savcor Options;
- A copy of the **Savcor Employee Option Plan Rules** – which contains detailed information in relation to the operation of the Plan including matters which relate to the terms and conditions set out in your Offer Letter; and
- A **Plan Booklet** – which provides information about the plan and contains a general summary of the taxation implications associated with the Savcor Employee Option Plan.

Broadly, the Savcor Options will be granted to you at no cost. Subject to you meeting certain service conditions, these Options will allow you to subscribe for ordinary shares in Savcor at a fixed price (exercise price) on a specified date in the future.

Your potential financial reward from participating in the Plan will be dependent upon the market value of Savcor ordinary shares. In this respect we note that movements in the market value of Savcor shares will reflect the Company's performance and the impact of various external factors such as general economic conditions.

The following **Terms of Offer** contains details of the terms under which these options are being offered to you.

If you wish to accept the offer, then you must complete the Letter of Acceptance and return to the following address before **5.00pm (Sydney time) on 6 December 2007**.

Savcor Employee Option Plan
The Company Secretary
Savcor Group Limited
C/- CRA Plan Managers Pty Limited
P O Box Q807
QVB Post Office NSW 1230

SAVCOR

Alternatively, the letter may be faxed to (02) 9299 3677 or emailed to lynley@remadvisors.com.au.

Please note that this offer may be changed at the discretion of Savcor at any time prior to acceptance of this offer. You will be notified of any changes.

Finally, we note that the issue of these Options to you may affect your financial and taxation position. Therefore, before you decide whether to accept Options under this offer, we strongly recommend that you obtain your own financial and investment advice and advice about your own tax position.

We are delighted to invite you to participate in the Savcor Employee Option Plan and share with us in the future growth in value of the Savcor Group.

If you have any questions or require further information, please contact our external plan managers, CRA Plan Managers Pty Ltd on (02) 9299 5677.

Yours sincerely,

Hannu Savisalo
Managing Director

Terms of Offer

Savcor Employee Option Plan: November 2007 Offer of Options to Name

Application Cost:	On acceptance of your application under this offer, your Options will be granted at no cost to you.
Number of Options:	You are offered **NUMBER** Options.
Exercise Price:	This is the amount that you must pay to acquire a Share by exercise of an Option that has been granted to you. The Board has been determined that the exercise price in relation to this offer will be **$2.00 per Option**. This may be varied in the event of a Change in Circumstances as defined in Rule 10 of the Savcor Employee Option Plan Rules.
Conditions for Vesting of Options:	Subject to the Plan Rules and the terms and conditions outlined in this Offer, the Options granted to you will only vest once the following terms and conditions are satisfied (subject to the pro-rata vesting conditions outlined below).
Service Conditions:	**The First Exercise Date will be as follows:** **NUMBER** Options issued will vest on IPO + 27 months **NUMBER** Options issued will vest on IPO + 39 months; and **NUMBER** Options issued will vest on IPO + 51.

SAVCOR

Performance Conditions: Compound Average Growth Rate ('CAGR') in Earnings per Share ('EPS') greater than or equal to 12% (25% vest); 15% (50% vest) and 18% (100% vest).	**For Tranche 1 (NUMBER):** EPS measured from 1st January 2008 to 31st December 2009, based on EPS of 11.24 cents in CY07. That is, cumulative EPS for the two calendar years 2008 and 2009, must be at least: • **26.7 cents** for **25%** of Tranche 1 options to vest; • **27.8 cents** for **50%** of Tranche 1 options to vest; or • **28.9 cents** for **100%** of Tranche 1 options to vest. **Treatment of Unvested Options** 50% of any Tranche 1 Options which fail to vest will lapse immediately. The remaining 50% of any Tranche 1 Options which fail to vest will be added to Tranche 2 Options, where they will be subject to the performance condition for that tranche.
	For Tranche 2 (NUMBER): EPS measured from 1st January 2008 to 31st December 2010, based on EPS of 11.24 cents in CY07. That is, cumulative EPS for the three calendar years 2008, 2009 and 2010, must be at least: • **42.5 cents** for **25%** of Tranche 2 options to vest; • **44.9 cents** for **50%** of Tranche 2 options to vest; or • **47.7 cents** for **100%** of Tranche 2 options to vest. **Treatment of Unvested Options** 50% of any Tranche 2 Options which fail to vest will lapse immediately. The remaining 50% of any Tranche 2 Options which fail to vest will be added to Tranche 2 Options, where they will be subject to the performance condition for that tranche.

	For Tranche 3 (NUMBER): EPS measured from 1st January 2008 to 31st December 2011, based on EPS of 11.24 cents in CY07. That is, cumulative EPS for the four calendar years 2008, 2009, 2010 and 2011 must be at least: • **60.2 cents** for **25%** of Tranche 2 options to vest; • **64.5 cents** for **50%** of Tranche 2 options to vest; or • **69.2 cents** for **100%** of Tranche 2 options to vest. **Treatment of Unvested Options** 50% of any Tranche 3 Options which fail to vest will lapse immediately. The remaining 50% of any Tranche 3 Options which fail to vest will be subject to the following final performance condition for this grant. Cumulative EPS for the five calendar years 2008to 2012 must be at least: • **80.0 cents** for **25%** of the options to vest; • **87.2 cents** for **50%** of the options to vest; or • **94.9 cents** for **100%** of the options to vest. Any options which fail this final performance condition will lapse immediately.
Conditions for Lapsing of Options:	For information on how your Options may lapse see Rule 7 of the Plan Rules. **In addition, these Options will lapse if Savcor does NOT undertake an Initial Public Offering ('IPO') by 31 March 2008.**
Dividends:	Options issued to you pursuant to this Offer will not be entitled to share in any dividends paid by Savcor in relation to the Ordinary Shares.
Expiry Date	**The Last Exercise Date will be as follows:** **NUMBER** Options issued will lapse on IPO + 39 months; and **NUMBER** Options issued will lapse on IPO + 51 months; and **NUMBER** Options issued will lapse on IPO + 63 months.

SAVCOR

Cessation of Employment:	For further information on what happens if you cease to be employed by the Savcor Group see Rule 6 of the Plan Rules.
Plan Rules:	Further detail on how the Plan operates is set out in the Plan Rules (which will prevail in the event of any inconsistency). A copy of the Plan Rules is enclosed. In addition, the Plan Booklet provides guidance on how the Board proposes to exercise its discretion in applying the Plan Rules. A copy of the Plan Booklet is enclosed. You should read both of these documents carefully.
Further Information:	On written request, within a reasonable time of the request being made, the Company Secretary of Savcor will provide you with any details in relation to the Options that have been granted to you.

Letter of Acceptance: for Name November 2007 Offer

Savcor Employee Option Plan
The Company Secretary
Savcor Group Limited
C/- CRA Plan Managers Pty Limited
P O Box Q807
QVB Post Office NSW 1230

Fax: +612 9299 3677

Email: lynley@remadvisors.com.au

I, **Deane Diprose,** or my designated Associate________________________________

of ____

accept the offer made to me by the Board of Savcor Group Limited of **NUMBER Options** described in the Letter of Offer dated **26 November 2007** (the ***Letter of Offer***) on the terms and conditions set out in the Letter of Offer, the Savcor Employee Option Plan (the ***Plan***) and this Letter of Acceptance.

UNDERTAKING AND ACKNOWLEDGMENT

I agree and undertake:

- to accept the number of Options specified in the Letter of Offer, particulars of which are described in the Terms of Issue; and
- to be bound by the terms and conditions set out in the Letter of Offer, the Plan and this Letter of Acceptance

Acknowledged and Accepted by **Name**

______________________________	______________________________
Signature	**Dated**