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6 October 2003

ERG
GROUP

Company Announcements Office
Australian Stock Exchange Limited
Level 4 Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sirs

Prepayment Cards Limited Preferred Proponent for Yorkshire

Please find attached an announcement from our associated company, Prepayment Cards Limited (PCL), which has been selected as the preferred proponent for a new transit fare collection project in Yorkshire. The project is expected to generate approximately $60 million in revenue comprising up front supply and a seven-year operating contract.

The project is an important win for the ERG Group in the UK as it grows our portfolio of long-term operating contracts. With the addition of the Yorcard project we expect to build our total UK card base to more than 2 million.

The addition of the Yorcard project will assist the Group in meeting its strategic plan in the UK. ERG and PCL have invested significant sums in development of the UK's ITSO standards that are integral to the government's strategy to rollout integrated smart cards across the country.

ERG is currently finalising an agreement that will see its shareholding in PCL move from 47% to 55% before the finalisation of the Yorcard contracts. The remaining 45% is held by Stagecoach Holdings PLC, First Group PLC and National Express Group PLC – the three largest transit operators in the UK. Accordingly, it is anticipated ERG will account for PCL on a consolidated basis by the end of the calendar year.

The strength of the ERG technology was a deciding factor in Yorcard's selection of PCL, as it has been in all other recent contract awards.

Yours faithfully

Peter J Fogarty
Chief Executive

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6 October 2003

Press Release

Yorcard selects PCL using ERG technology

After an 11 month tender evaluation process, the Yorcard consortium comprising Metro (West Yorkshire PTE), South Yorkshire PTE and representatives of all the bus and train companies operating in their areas, has selected the Prepayment Cards Limited (PCL) bid and will now move forward to the contract negotiation stage. It is envisaged that a contract can be in place by the end of the year by which time the UK Government's decision on funding for the project should be announced.

The project is estimated to be worth £25 million and is expected to rollout during 2005.

When fully implemented, the Yorcard scheme will be one of the largest multi-modal, multi-operator smart card schemes in the UK. The Yorcard consortium covers the cities of Leeds, Sheffield and Bradford, and represents a population base of approximately 3.4 million people. A card reading infrastructure will be provided for more than 40 bus operators and over 5 train operating companies as well as the Sheffield Supertram. In addition, over 1 million cards will be issued.

PCL's contract will be for an outsourced managed service, based on the ITSO™ specification and ERG's back office clearing house software.

PCL has an exclusive licence in the UK for ERG's software which is the world's first truly multi-application processing software. The technology allows for millions of smart card transactions to be handled daily on a common platform. ERG's technology is based on systems it has delivered in cities such as Hong Kong, Rome, San Francisco and Singapore.

Gary Constable, PCL's CEO, said, 'I am delighted to be given the opportunity of working with Yorcard and look forward to providing them with a world class system.'

Peter Fogarty, ERG's CEO, said, 'The Yorcard project is of tremendous strategic value for the ERG Group in the UK. We expect the project will ultimately bring our total UK card base over 2 million.'

John Carr, Metro's Director Projects, said 'This is a very significant step towards the goal of a multi-application smart card platform for integrated transport ticketing and other applications in the Yorkshire region. The Yorcard partners look forward to working with PCL to deliver the benefits that smart cards will bring to public transport users and many others.'

–END–

BACKGROUND INFORMATION

Background to PCL

PCL is a UK company based in Bolton, Greater Manchester, which specialises in designing, implementing and operating smart card systems via an outsourced managed service.

PCL operates smart card schemes in South Wales, Hertfordshire and Bracknell and has the contract to migrate the Greater Manchester Passenger Transport Executive's concessionary travel scheme to smart cards.

Background to ERG

The ERG Group is a world leader in the development and supply of integrated fare management and software systems for the transit industry, and for its smart card systems and services. The Group has installed systems in major cities throughout the world including Hong Kong, Melbourne, Rome, San Francisco and Singapore with installations in progress in Gothenburg, Seattle, Stockholm, Sydney and Washington DC. ERG has delivered systems that support more than 20 million smart cards in circulation and handle approximately 5 billion transactions per annum. ERG is an Australian-based company, listed on the Australian Stock Exchange and employs 800 people in 11 countries.

Background to ITSO™

The ITSO™ Organisation was founded in 1998 as a result of discussions between various UK Passenger Transport Authorities concerning the lack of suitable standards for inter-operable smart card ticketing. These discussions grew to include other authorities, transport operators and government.

In the UK, some smart card schemes had been emerging in the transport industry commonly on a restricted geographical basis. Advances in technology were starting to make inter-operability of these schemes viable.

ITSO™ was formed to build and maintain a specification for secure 'end to end' inter-operable ticketing transactions, utilising relevant ISO and emerging CEN standards.

ITSO™ is a Member controlled organisation that maintains the ITSO™ Specification for Members and the Crown. The Membership of ITSO™ is broadly based and includes PTEs, local authorities, passenger transport operators and suppliers of equipment, systems and services.

PCL and ERG are both active participants and members in ITSO™ and its development.