



**HOLDINGS LIMITED**  
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2 August 2006

The Manager  
Companies Announcements Office  
Australian Stock Exchange Limited  
20 Bridge Street  
Sydney NSW 2000

Dear Sir/Madam

**ANNOUNCEMENT TO ASX**  
**DISPATCH OF CCI TARGET'S STATEMENT**

Please find attached a copy of the CCI Target's Statement dispatched to shareholders today.

Yours faithfully  
CCI Holdings Limited

A handwritten signature in black ink, appearing to read 'B Milton'.

Brian Milton  
Company Secretary

**This is an important document and requires your immediate attention.**

**IF YOU ARE IN ANY DOUBT AS TO HOW TO DEAL WITH THIS DOCUMENT, PLEASE  
CONSULT YOUR STOCKBROKER, LEGAL OR OTHER PROFESSIONAL ADVISER  
IMMEDIATELY.**

# **TARGET'S STATEMENT**

**Dated 2 August 2006**



**CCI Holdings Limited**

ABN 51 000 680 740

**YOUR DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU**

# **REJECT**

**THE HOSTILE INADEQUATE TAKEOVER OFFER FROM AUSTRALIAN  
LABORATORY SERVICES PTY LIMITED, A SUBSIDIARY OF CAMPBELL  
BROTHERS LIMITED**

Target's Statement of CCI Holdings Limited in response to the off-market takeover bid by Australian Laboratory Services Pty Limited, a subsidiary of Campbell Brothers Limited, for all of the ordinary shares in CCI Holdings Limited.

**PLEASE IGNORE ANY DOCUMENTS SENT TO YOU  
BY CAMPBELL BROTHERS**

Financial Adviser to CCI:

**TC CORPORATE**



Corporate & Financial Advisers

Legal Adviser to CCI:



## **IMPORTANT NOTICES**

### ***Nature of this Document***

This is the Target's Statement dated 2 August 2006 given by CCI Holdings Limited under Part 6.5 Division 3 of the Corporations Act. This Target's Statement is given in response to the Bidder's Statement dated 18 July 2006 issued by Australian Laboratory Services Pty Limited.

### ***ASIC Disclaimer***

A copy of this Target's Statement was lodged with ASIC on 2 August 2006. Neither ASIC nor any of its officers takes any responsibility for the contents of this Target's Statement.

### ***ASX Disclaimer***

A copy of this Target's Statement was provided to ASX on 2 August 2006. Neither ASX nor any of its officers takes any responsibility for the contents of this Target's Statement.

### ***Defined Terms***

Terms used in this Target's Statement are defined in Section 12 of Part B of this Target's Statement.

### ***No Investment Advice***

The information contained in this Target's Statement does not constitute financial product advice. This Target's Statement has been prepared without considering your particular investment objectives, financial situation, taxation position or needs. You should read this Target's Statement in its entirety before making any investment decision and any decision relating to the Campbell Brothers Offer.

If you are in doubt in relation to these matters, you should consult your investment, financial, taxation or other professional adviser before making a decision whether to accept or reject the Campbell Brothers Offer.

### ***Disclaimer Regarding Forward-Looking Statements***

This Target's Statement contains statements in the nature of forward-looking statements. All statements other than statements of historical fact are forward-looking statements. Shareholders should note that those forward-looking statements are only predictions and are subject to inherent uncertainties in that they may be affected by a variety of known and unknown risks, variables and factors which could cause actual values or results, performance or achievements to differ materially from implied values or anticipated results, performance or achievements expressed or implied in those forward-looking statements. These risks, variables and factors include matters specific to the industry in which CCI operates, as well as general economic conditions, financial market conditions, and legislative, fiscal or regulatory developments.

None of CCI, any of its officers, any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation or warranty (express or implied) or gives any other assurance that the implied values or anticipated results, performance or achievements expressed or implied in forward-looking statements in this Target's Statement will be achieved or as to the accuracy or likelihood of fulfilment of any forward-looking statement.

While CCI believes that the expectations reflected in the forward looking statements in this document are reasonable, no assurance can be given that such expectations will prove to be correct. You are cautioned not to place undue reliance on any forward looking statement.

### ***Key Points***

**Your Directors recommend unanimously that you REJECT the hostile inadequate Offer from Campbell Brothers. The Offer is absurdly low.**

**To reject the Campbell Brothers Offer, you should DO NOTHING.**

**Simply DISREGARD all documents sent to you by Campbell Brothers.**

### ***Shareholder Information Line***

**If you have any questions in relation to the Offer, please contact the CCI Shareholder Information Line on 1800 450 188.**

As required by the Corporations Act, calls to the Shareholder Information Line will be recorded and those recordings will be indexed and stored.

Alternatively CCI Shareholders may email their enquiries to the following:

[shareholderinfo@cciholdings.com.au](mailto:shareholderinfo@cciholdings.com.au)



**HOLDINGS LIMITED**

ABN 51 000 680 740  
29 Rosegum Close, Warabrook  
Newcastle NSW 2304 Australia

Dear Shareholder

**CCI expects to produce RECORD results - do not give these profits to Campbell Brothers! Reject the unsolicited takeover offer.**

You should recently have received an offer from Campbell Brothers to acquire all of your CCI Holdings Limited shares for 31 cents per share in cash.

CCI now submits to you this Target's Statement which contains the formal response of your Board to this takeover offer. In particular, it sets out the recommendations of your Directors and the reasons for these recommendations.

Your Board and its advisers have reviewed the offer in detail and firmly believe the Offer to be absurdly low. There are serious and valid reasons why your Directors strongly advise you to reject this Offer. They are set out in the following pages. Please read and consider them carefully.

**In short, your Board is convinced that the Offer does not recognise CCI's expected record profits, its vastly improved operating performance, its strategic market positioning, its highly qualified people or its future potential.**

With all these factors turning positive for CCI's shareholders we are not surprised that Campbell Brothers is interested in acquiring all your shares in CCI at this opportunistic time.

You should also be aware that the one cent fully franked dividend recently declared by CCI triggers a condition of the Campbell Brothers Offer. Campbell Brothers has not indicated whether it will walk away from its Offer as a result of the declaration of this dividend, further highlighting the conditional and uncertain nature of the Offer. Additionally, the terms of the Campbell Brothers Offer may entitle Campbell Brothers (and not you) to this dividend if you accept the Offer.

Your Directors want to ensure that all CCI Shareholders reap the benefits of the Company's transformation, either by continuing to hold their CCI investment or, ultimately, by receiving an offer that properly values your Company. The Campbell Brothers Offer fails in this regard. Long standing shareholders in CCI should benefit from this improved performance – not Campbell Brothers which only purchased shares as recently as 8 June 2006.

**Your Directors, who have interests in 30.7% of CCI, do not intend to accept the 31 cents per share Offer. You should disregard the Offer by simply ignoring any documents sent to you by Campbell Brothers.**

If you have any questions, please call the CCI Shareholder Info Line on 1800 450 188.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter EJ Murray'. The signature is written in a cursive style with a long horizontal stroke at the end.

**Peter EJ Murray**  
Chairman of Directors

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# **PART A**

- 1. EIGHT KEY REASONS WHY YOUR DIRECTORS URGE YOU TO REJECT CAMPBELL BROTHERS' HOSTILE INADEQUATE OFFER**
- 2. SUPPLEMENTARY REASONS TO REJECT THE HOSTILE INADEQUATE OFFER**
- 3. FREQUENTLY ASKED QUESTIONS**
- 4. FINANCIAL INFORMATION**

# PART A

## 1. EIGHT KEY REASONS WHY YOUR DIRECTORS URGE YOU TO REJECT CAMPBELL BROTHERS' HOSTILE INADEQUATE OFFER

1. The Offer takes no account of CCI's expected record results for FY 2006 nor its vastly improved performance under its new Board and management team, a performance endorsed by the resumption of shareholder dividends – the first in four years.
2. The Offer is opportunistic and is pitched to acquire CCI before our shares are re-ranked by the stock market. The Offer implies an earning multiple that is well below that of Campbell Brothers and other similar companies.
3. CCI Shares have traded as high as 35 cents since the announcement of the Offer. The stock market recognises the Offer is inadequate.
4. The Offer provides an inadequate price premium to CCI Shareholders for obtaining full control over CCI's business, employees, future potential and access to new markets, and for future synergy benefits that may result from the merging of operations.
5. Recent buyers of CCI Shares, including CCI employees, may have to pay tax on the proceeds of the Offer without access to the 50% capital gains tax exemption. The Bidder's Statement fails to adequately describe the taxation implications of accepting the Offer.
6. The Offer is uncertain and highly conditional.
7. CCI Shareholders collectively holding approximately 42% of CCI Shares have advised the Company that they intend to reject the Offer of 31 cents per share, including your Directors, as major shareholders, and the trustee of the CCI-ESAT employee share scheme.
8. The Offer does not adequately reflect the value of CCI's leadership position in a number of markets. CCI is unique and continues to offer potential. Barriers to entry for new competitors in our markets are high. A small well resourced group like CCI has advantages in being able to act quickly in regard to opportunities and grow faster than cumbersome giants.

**YOUR DIRECTORS BELIEVE THE OFFER IS ABSURDLY LOW**

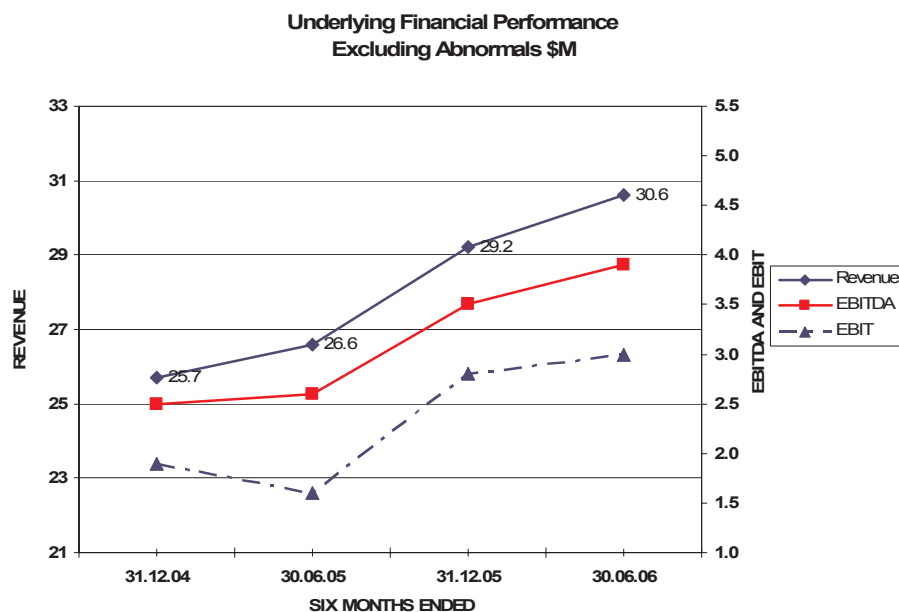
## The Eight Key Reasons to Reject the Offer

### 1. THE OFFER TAKES NO ACCOUNT OF CCI'S EXPECTED RECORD RESULTS FOR FY 2006 NOR ITS VASTLY IMPROVED PERFORMANCE UNDER ITS NEW BOARD AND MANAGEMENT TEAM, A PERFORMANCE ENDORSED BY THE RESUMPTION OF SHAREHOLDER DIVIDENDS – THE FIRST IN FOUR YEARS

\$000's	Audited FY 2005	Unaudited FY 2006	% Increase
REVENUE	52,252	59,827	14.5 %
EBITDA	5,110	7,370	44.2 %
EBIT	3,434	5,783	68.4 %
NPBT	(3,275)	4,929	
NPAT	(3,848)	3,357	
Basic earnings per share (cents)	(2.94)	2.53	
Net Cash Flow in Year	(1,619)	4,849	
Net Cash held at 30 June	1,579	6,428	

- The above financial results have been prepared under the Australian equivalents to International Financial Reporting Standards.
- Current year financial performance represents a spectacular improvement on the prior year results.
- The financial performance has been underpinned by the excellent operational results of both CCI Pope and CCI Australia.
- Cash generation and net profit are record yearly results for CCI.

The significant improvement in the underlying financial performance of the CCI Group is clearly demonstrated in the graph below, which charts the six monthly Revenue, EBITDA and EBIT for the last two financial years.

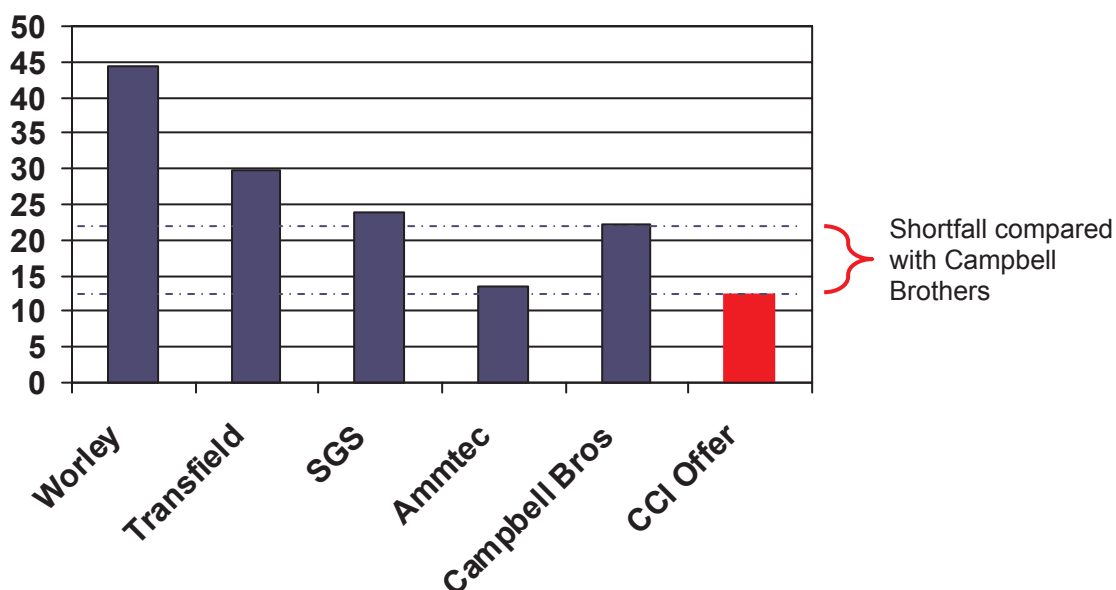


- The Board of CCI is convinced that the Campbell Brothers Offer does not take account of the major changes that have taken place at CCI over the last 21 months.
- The Board of Directors of CCI have declared a one cent per share fully franked dividend to be paid in November 2006. The CCI Dividend Reinvestment Plan, which on this occasion will offer a 5% discount to the market price, will be operative with respect to the dividend.

**2. THE OFFER IS OPPORTUNISTIC AND IS PITCHED TO ACQUIRE CCI BEFORE OUR SHARES ARE RE-RANKED BY THE STOCKMARKET. THE OFFER IMPLIES AN EARNINGS MULTIPLE THAT IS WELL BELOW THAT OF CAMPBELL BROTHERS AND OTHER SIMILAR COMPANIES**

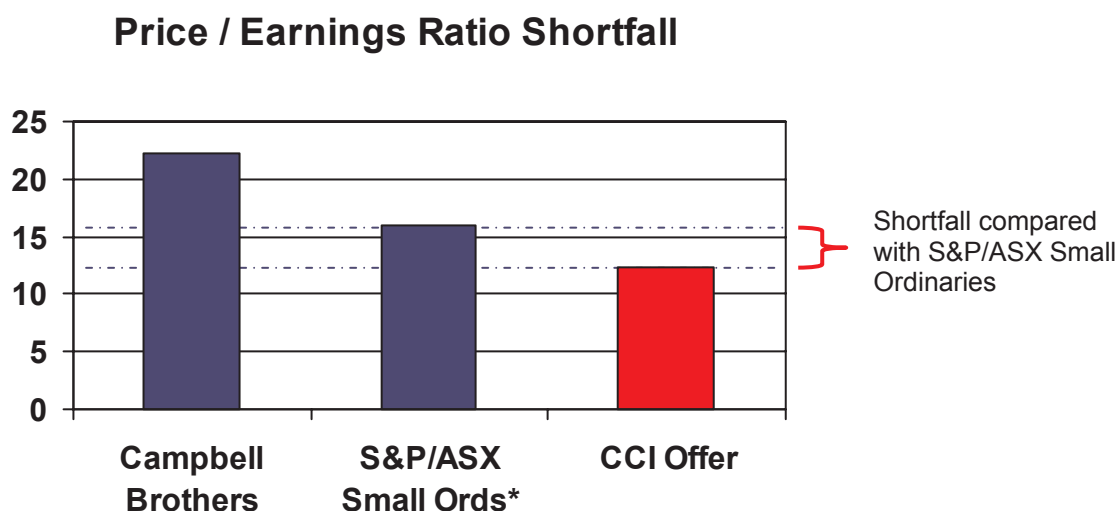
- Your Directors believe the timing of the Offer is opportunistic, being made before the stock market has had an opportunity to re-rank the potential of CCI, given its record FY 2006 results and the major improvements achieved at CCI over the last 21 months by its new Board and management.
- CCI expects to report record results for FY 2006. This follows an extremely good result for H1 2006, after losses in FY 2004 and FY 2005. The Directors of CCI believe the Company needs at least two or three positive half year results before its share price achieves an accurate re-rating. The Directors are hopeful that by the time of the Company's AGM in November 2006 the profit upturn will be confirmed as a likely permanent feature of CCI.
- Campbell Brothers' historic Price / Earnings Ratio was 22.3 at 4 July 2006. At the same time, comparable companies such as Worley Parsons Limited had a Price / Earnings Ratio of 44.4, Transfield Services Limited had 29.8, SGS (the world's largest inspection company) had 24.0 and Ammtec Limited (a laboratory services company focused only on the minerals industry) had 13.6\*.
- YET THE CAMPBELL BROTHERS OFFER FOR CCI VALUES CCI AT A PRICE / EARNINGS RATIO OF ONLY 12.2 TIMES EXPECTED FY 2006 EARNINGS.

**Price / Earnings Ratio Comparison\***



\*Note: Calculated by CCI based on reported data for the most recent rolling 12 month period.

The chart below demonstrates the Price / Earnings Ratio shortfall offered by Campbell Brothers compared with the S&P/ ASX Small Ordinaries Index.



\*Note: The S&P / ASX Small Ordinaries Price/Earnings Ratio was 15.9 at 4 July 2006.

- Your Directors believe Campbell Brothers considers the CCI uptrend in prosperity to be realistic and permanent and is opportunistically rushing to take advantage of this situation before the stock market gives CCI Shares the full re-ranking they deserve.
- The flow-on positive earnings impact on Campbell Brothers would be immediate and its shareholders are likely to gain at the expense of CCI's shareholders.
- If the Campbell Brothers Offer is successful, Campbell Brothers would be expecting to convert the profit from CCI into its share price at its current Price / Earnings Ratio which at 4 July 2006 was approximately 22.3.
- CCI Shareholders should not be **SHORTCHANGED** by the undervalued Offer from Campbell Brothers.

### 3. CCI SHARES HAVE TRADED AS HIGH AS 35 CENTS SINCE THE ANNOUNCEMENT OF THE OFFER. THE STOCK MARKET RECOGNISES THE OFFER IS INADEQUATE

- Since Campbell Brothers' announcement on 9 June 2006 that it intended to bid formally for CCI, the share price of CCI has traded above the Offer Price of 31 cents per share.
- Before the announcement of the Offer, CCI had only once indicated that it had returned to profitability, namely in H1 2006, after several years of losses. The Directors have since confirmed the success of the turn-a-round at CCI by announcing the expected positive FY 2006 results. The stock market now has more up-to-date information – and investors recognise the value reflected in the share price.
- The Directors believe CCI's positive turnaround and potential have now been endorsed by the Campbell Brothers Offer and the subsequent stock market share pricing.

#### 4. THE OFFER PROVIDES AN INADEQUATE PRICE PREMIUM TO CCI SHAREHOLDERS FOR OBTAINING FULL CONTROL OVER CCI'S BUSINESS, EMPLOYEES, FUTURE POTENTIAL AND ACCESS TO NEW MARKETS, AND FOR FUTURE SYNERGY BENEFITS THAT MAY RESULT FROM THE MERGING OF OPERATIONS

- For over 25 years CCI has invested in people, training, skills and equipment to create an extremely strong market presence with increased revenues and, now, profits. Campbell Brothers wants to own and control 100% of these valuable assets by paying a patently inadequate price to CCI Shareholders.
- It can be seen clearly from the Campbell Brothers Bidder's Statement that Campbell Brothers is Brisbane based and undertakes a major laboratory business across Australia and in many overseas countries. Much of CCI's business is based in Queensland and the Directors of CCI see scope for expanding CCI's business into many of Campbell Brothers' overseas markets.
- Your Directors believe Campbell Brothers has a good understanding of the CCI business and the benefits that would accrue as a result of an acquisition of CCI.
- Campbell Brothers will obtain significant synergies from the acquisition of CCI. These will be in the following areas:
  - duplicated management;
  - duplicated accounting, treasury and payroll functions;
  - duplicated IT functions; and
  - duplicated human resources functions.
- Campbell Brothers will have the opportunity to eliminate duplicated functions and implement significant cost savings.
- Despite this, Campbell Brothers offers no participation in the potential synergistic benefits that may flow from a combination of the businesses.
- To access these strengths it is fundamental that any buyer, in this case Campbell Brothers, pays an appropriate premium to the existing CCI Shareholders.
- The benefits attributable to having control include:
  - financial efficiency;
  - cash flow – direct access to operating cash flows;
  - tax – ability to group for tax purposes; and
  - strategic - seamless enactment of strategic planning.
- Campbell Brothers would derive significant value by obtaining access to the key customers of CCI in the booming resources industry – in particular the coal industry. Campbell Brothers' Offer Price does not reflect this value.
- CCI Shareholders should not be **SHORTCHANGED** by the undervalued Offer from Campbell Brothers.

## **5. RECENT BUYERS OF CCI SHARES, INCLUDING CCI EMPLOYEES, MAY HAVE TO PAY TAX AT HIGHER RATES ON THE PROCEEDS OF THE OFFER. THE BIDDER'S STATEMENT FAILS TO DESCRIBE ADEQUATELY THE TAXATION IMPLICATIONS OF ACCEPTING THE OFFER**

- Employees of CCI have acquired over 2,000,000 CCI Shares through the CCI-ESAT share scheme over the last 18 months. The most recent purchase for employees amounted to 1,000,000 CCI Shares at 19 cents on 20 April 2006.
- Unfortunately, these CCI-ESAT employee purchasers and other shareholders who have purchased CCI Shares in the last 12 months may be required to pay tax on any capital gains arising from the disposal of their shares at each individual's marginal tax rate if they accept the Offer and it becomes unconditional.
- This tax rate may be at the maximum marginal rate of 48.5% (including Medicare levy) rather than an effective rate of up to 24.25% if the twelve month capital gains tax exemption were applicable.
- The Bidder's Statement fails to describe adequately the taxation implications of accepting the Offer. CCI Shareholders should seek their own personal tax advice on this issue.

## **6. THE OFFER IS UNCERTAIN AND HIGHLY CONDITIONAL**

- The Campbell Brothers Offer is subject to a range of conditions, including Campbell Brothers obtaining a relevant interest in at least 90% of CCI Shares.
- Your Directors collectively hold over 30% of the outstanding share capital of CCI and have no intention of accepting the Offer of 31 cents per share. Accordingly, Campbell Brothers cannot reach the required 90% ownership level and meet this important condition of the Offer.
- It is possible that at some point this condition might be waived. However, CCI Shareholders should not rush to accept the Offer, otherwise their ability to deal with their CCI Shares while the Offer remains open (e.g. selling them at a higher market price or accepting a competing offer should one arise) may be impaired.
- The finance used to underwrite the bid for CCI is due to expire in January 2007.
- Campbell Brothers has not detailed how funding for its Offer would extend past January 2007.
- The declaration of the fully franked dividend of one cent per share by CCI on 19 July 2006 entitles Campbell Brothers to allow its Offer to lapse without acquiring your CCI Shares, even if you accept the Offer, unless Campbell Brothers waives the condition in clause 13.1(g) of the Bidder's Statement. Campbell Brothers has also reserved the right to reduce the Offer Price for your CCI Shares by an amount equal to the value of the dividend, unless the dividend is paid directly to Campbell Brothers.
- The Defeating Condition in clause 13.1(f) of the Campbell Brothers Offer relating to there being no change of control provisions in CCI's material contracts is not capable of being fulfilled as CCI is a party to a number of material contracts containing such change in control provisions. If Campbell Brothers receives sufficient acceptances to give it control of CCI, the Campbell Brothers Offer will lapse without Campbell Brothers acquiring your CCI Shares if it is not waived.

**7. CCI SHAREHOLDERS COLLECTIVELY HOLDING OVER 42% OF CCI SHARES HAVE ADVISED THE COMPANY THAT THEY INTEND TO REJECT THE OFFER OF 31 CENTS PER SHARE, INCLUDING YOUR DIRECTORS, AS MAJOR SHAREHOLDERS, AND THE TRUSTEE OF THE CCI-ESAT EMPLOYEE SHARE SCHEME**

- Your Directors collectively hold 30.7% of the CCI Shares at present and are unanimous in their rejection of the Campbell Brothers Offer at the current price.
- Employees, through the CCI-ESAT share scheme, represent an additional 2.5% of the CCI Shares as at 4 July 2006. The trustee of this scheme also intends to reject the Offer at the current price.
- CCI has been advised by shareholders holding a further 8.9% of the CCI Shares that they also intend to reject the Offer at 31 cents per share.

**8. THE OFFER DOES NOT ADEQUATELY REFLECT THE VALUE OF CCI'S LEADERSHIP POSITION IN A NUMBER OF MARKETS. CCI IS UNIQUE AND CONTINUES TO OFFER POTENTIAL BARRIERS TO ENTRY FOR NEW COMPETITORS IN OUR MARKETS ARE HIGH. A SMALL WELL RESOURCED GROUP LIKE CCI HAS ADVANTAGES IN BEING ABLE TO ACT QUICKLY IN REGARD TO OPPORTUNITIES AND GROW FASTER THAN CUMBERSOME GIANTS**

- Your Directors believe the Offer does not reflect the value of CCI's leadership in a number of markets.
- CCI is the market leader in the provision of superintending services to the coal industry in Australia. CCI superintended 103,742,997 tonnes of Australian coal in FY 2006, representing approximately 45% of the total Australian coal superintending market. CCI superintends approximately 16% of the world seaborne export trade in hard coal and this makes CCI one of the largest coal superintending companies, if not the largest, in the world.
- CCI is the market leader in the provision of non destructive testing, condition monitoring and asset reliability services to Australian industry. CCI's market share in this industry in Australia is estimated to be approximately 11%.
- CCI's customer base reads like a "who's who" of the Australian resources industry. These customers would be highly valuable and strategic to Campbell Brothers if it attempted to penetrate the lucrative resources and coal markets.
- It has taken CCI 20 years to obtain the market position that it now enjoys. How much would it cost another party such as Campbell Brothers to build such a business? Any new competitor into CCI's markets would take many years to establish its business.
- There is a shortage of skills in our industry at present due to the resources boom. Any new competitor would find it very difficult to acquire the staff to be successful in the industries in which CCI competes.
- A high proportion of the current business that CCI has built is tied up in long term contracts. Any new competitor would suffer from lack of availability of business to win, because contracts usually have a duration of up to three years.
- Coal end-user acceptance of new entrants into the coal superintendence market usually takes many years to obtain.

- CCI's size enables it to manoeuvre quickly to exploit opportunities as they arise.
- This ability to react quickly will be lost in a large company environment such as that which exists at Campbell Brothers.
- CCI Shareholders should not be **SHORTCHANGED** by the undervalued Offer from Campbell Brothers.

## **PART A (continued)**

### **2. SUPPLEMENTARY REASONS TO REJECT THE HOSTILE INADEQUATE OFFER**

#### **1. CCI HAS STRONG EQUITY OWNERSHIP BY EMPLOYEES AND THIS INCENTIVE WOULD BE LOST THROUGH A TAKEOVER**

- As at 4 July 2006, 223 employees of CCI had equity in CCI through either direct share ownership or through the CCI-ESAT share allocation scheme.
- This employee ownership enhances employee acceptance and participation in the quest to improve Company performance and meet both short and long term targets.
- This powerful management tool will be lost in the event of Campbell Brothers being successful in its bid for CCI.

#### **2. CAMPBELL BROTHERS HAS LIMITED OR NO EXPERIENCE IN THE KEY CCI ACTIVITIES OF COAL ANALYSIS AND SUPERINTENDENCE, NON DESTRUCTIVE TESTING, CONDITION MONITORING, ASSET RELIABILITY ENGINEERING AND HYDRAULICS. THE BOARD BELIEVES CAMPBELL BROTHERS' RECENT OFFSHORE ACQUISITIONS WOULD DEMAND ATTENTION BEFORE CCI**

- Campbell Brothers does not currently compete in CCI's coal superintendence and coal analysis markets in Australia, Indonesia and Ukraine.
- Campbell Brothers does not currently compete in CCI's asset reliability, non destructive testing and condition monitoring market in Australia.
- Campbell Brothers does not currently compete in CCI's hydraulics market in Australia.
- A key imperative of success in these markets is to have a thorough knowledge of the business and the key customer relationships. These issues would be new to Campbell Brothers.

#### **3. CCI HAS RECEIVED SOME INTEREST FROM OTHER POTENTIAL PARTIES**

- Since the intention to make a takeover offer for CCI Shares by Campbell Brothers was announced on 9 June 2006, CCI has received some interest from other companies.
- Although it is too early to establish bona fides or the seriousness of the parties, the Directors believe that it is desirable for CCI Shareholders to retain their CCI Shares until they hear further from their Directors.

#### **4. CCI'S EXPECTED RECORD FINANCIAL PERFORMANCE IN FY 2006 WILL SEE THE COMPANY RETURN TO PAYING DIVIDENDS THIS YEAR, ITS FIRST IN FOUR YEARS**

- In view of CCI's improving profit performance the Board of CCI has declared the payment in November 2006 of a fully franked dividend of one cent per share. This is the first dividend to be paid by CCI since November 2002. The Company's Dividend Reinvestment Plan, providing a 5% discount to the market price to participants, will be operative with respect to the dividend.

#### **5. THE OFFER CREATES SIGNIFICANT UNCERTAINTY FOR CCI EMPLOYEES**

- Job security for many of CCI's employees would be jeopardised because Campbell Brothers would be likely to eliminate duplicated employee functions in many areas if its Offer is successful.

#### **6. THE OFFER IS RESTRICTING CCI FROM PURSUING POSITIVE ACQUISITIONS**

- CCI continues to examine productive business acquisitions and has been in close discussions with two complementary parties for some time. Whilst these discussions precede the Campbell Brothers Offer and continue, the possibility of completing a purchase is being inhibited while the speculation continues about the likelihood of Campbell Brothers succeeding with its Offer.

#### **7. FORFEITURE OF DIVIDEND**

- If you accept the Campbell Brothers Offer, it may be Campbell Brothers, and not you, that receives the benefit of the one cent per share dividend declared by CCI on 19 July 2006 in respect of the expected record results for FY 2006.
- The terms of the Campbell Brothers Offer allow Campbell Brothers to direct CCI to pay the dividend directly to Campbell Brothers, or otherwise allow Campbell Brothers to reduce the Offer Price by an amount equal to the value of the dividend if you accept the offer.
- The declaration of the dividend also allows Campbell Brothers to walk away from its Offer, even if you accept, unless Campbell Brothers waives the Defeating Condition in clause 13.1(g) of the Bidder's Statement.

## PART A (continued)

### 3. FREQUENTLY ASKED QUESTIONS

This section answers some frequently asked questions about the Campbell Brothers Offer. It is not intended to address all relevant issues for CCI Shareholders. This section should be read together with all other parts of this Target's Statement.

Question	Answer
<b><i>Who is Campbell Brothers?</i></b>	Campbell Brothers is a large Brisbane based ASX listed group of companies with interests in laboratory services, consumer and industrial goods, chemical hygiene solutions and the provision of domestic and commercial services in Australia and overseas. It is valued on the Australian stock market in excess of \$800M. Over the last 12 months it has spent approximately \$75M in major offshore acquisitions in Canada and Czech Republic. The performances of these purchases have yet to be disclosed to ASX.
<b><i>What is the Campbell Brothers Offer?</i></b>	The Campbell Brothers Offer is the takeover offer being made by Australian Laboratory Services Pty Limited, a subsidiary company of Campbell Brothers.
<b><i>What is the Bidder's Statement?</i></b>	The Bidder's Statement is the document setting out the terms of the takeover offer from Australian Laboratory Services Pty Limited, a subsidiary company of Campbell Brothers. Campbell Brothers lodged its original Bidder's Statement with ASIC on 4 July 2006. Campbell Brothers completed the dispatch of the Bidder's Statement to CCI Shareholders on 20 July 2006.
<b><i>What is this Target's Statement?</i></b>	This Target's Statement has been prepared by CCI and provides CCI's response to the Campbell Brothers Offer, including the recommendations of your Directors.
<b><i>What is the Offer for my CCI Shares?</i></b>	Campbell Brothers has made a highly conditional Offer of 31 cents cash per share for all of your CCI Shares.

<b>What choices do I have as a CCI Shareholder?</b>	<p>As a CCI Shareholder you can:</p> <ul style="list-style-type: none"> <li>• RETAIN your CCI Shares and REJECT Campbell Brothers' inadequate Offer <i>by doing nothing</i>. Your Directors recommend that you REJECT the Campbell Brothers Offer;</li> <li>• sell your CCI Shares on-market (unless you have previously accepted the Campbell Brothers Offer and have not validly withdrawn your acceptance); or</li> <li>• accept the Campbell Brothers Offer for all the CCI Shares you hold.</li> </ul> <p>See Section 9 of Part B of this Target's Statement for more details.</p>
<b>What are the Directors of CCI recommending?</b>	<p>Your Directors unanimously recommend that you REJECT Campbell Brothers' inadequate Offer.</p> <p>If there is any change to this recommendation or any material development in relation to the Campbell Brothers Offer of which CCI becomes aware, CCI will inform you.</p>
<b>How do I reject the Campbell Brothers Offer?</b>	<p>To reject the Campbell Brothers Offer, you should <i>do nothing</i>. <i>Disregard</i> all documents sent to you by Campbell Brothers unless otherwise advised by the Board of CCI.</p>
<b>What do the Directors of CCI who are CCI Shareholders intend to do with their CCI Shares?</b>	<p>Each Director of CCI intends to REJECT Campbell Brothers' inadequate Offer in relation to those CCI Shares in which they have a relevant interest at the current Offer Price. The Directors collectively hold over 30% of the outstanding share capital of CCI.</p>
<b>Why are the Directors recommending that I reject the Offer?</b>	<p>Your Directors are recommending that you REJECT the Campbell Brothers Offer because, among other things:</p> <ul style="list-style-type: none"> <li>• your Directors consider that the Campbell Brothers Offer is absurdly low;</li> <li>• the underlying performance of CCI is significantly improved; and</li> <li>• your Directors believe the Offer fails to recognise the underlying value of CCI.</li> </ul> <p>See Section 1 of Part A of this Target's Statement for further details.</p>
<b>What should I do?</b>	<p>To follow your Directors' unanimous recommendation to reject Campbell Brothers' hostile inadequate Offer, you should <i>do nothing</i>. Simply disregard all documents sent to you by Campbell Brothers unless otherwise advised by the Board of CCI. If you are in doubt as to what you should do, you should seek professional advice in relation to the Campbell Brothers Offer.</p>

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**How do I accept the Offer?** If you elect to accept the Campbell Brothers Offer, you should follow the instructions set out in section 9 of the Bidder's Statement.

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**What happens if the Offer Price is increased?** If Campbell Brothers increases its Offer Price, your Directors will consider the revised offer and its remaining conditions in the light of the new circumstances. They will advise you accordingly.

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**What are the consequences of accepting the Offer now?** If you accept the Campbell Brothers Offer now, unless any withdrawal rights apply (see below) at the relevant time and you withdraw your acceptance of the Campbell Brothers Offer, you will be committed to the Campbell Brothers Offer. You will not be able to sell your CCI Shares on ASX or to any other bidder that may make a takeover offer, or deal with your CCI Shares in any other manner while the Offer remains open. If the Defeating Conditions of the Offer are not satisfied or waived and the Offer lapses, you will then be free to deal with your CCI Shares even if you had accepted the Offer.

If you accept the Campbell Brothers Offer and Campbell Brothers subsequently raises its Offer Price, you will receive the higher price, if the relevant conditions are met or waived.

If Campbell Brothers acquires between 50% and 90% of CCI Shares and waives the 90% Minimum Acceptance Condition of its Offer, you may be exposed to the risks associated with being a minority shareholder in CCI. Some of these risks are described in Section 8 of Part B of this Target's Statement.

See Section 8 of Part B of this Target's Statement for more details.

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**If I accept the Offer now, can I withdraw my acceptance?** You only have a limited right to withdraw your acceptance of the Campbell Brothers Offer. You may withdraw your acceptance of the Campbell Brothers Offer if Campbell Brothers varies its Offer in a way that postpones, for more than one month, the time when Campbell Brothers must meet its obligations under the Offer and the Campbell Brothers Offer remains subject to Defeating Conditions.

Further details on your ability to withdraw your acceptance are set out in Section 8.7 of Part B of this Target's Statement.

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**Can I be forced to sell my CCI Shares?** No. You cannot be forced to sell your CCI Shares unless Campbell Brothers and its Associates acquire a relevant interest in at least 90% of all CCI Shares during or at the end of the Offer Period, and Campbell Brothers proceeds to compulsory acquisition of your CCI Shares. If that happens, you will be paid the last price offered by Campbell Brothers for CCI Shares under the Offer before compulsory acquisition commences.

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***When does the Offer close?***

The Campbell Brothers Offer is presently scheduled to close at 5.00pm (AEST) on 29 August 2006, but the Offer Period can be extended in certain circumstances. See Section 8.4 of Part B of this Target's Statement for details of the circumstances in which the Offer Period can be extended.

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***When do I have to decide?***

If you wish to follow the Directors' unanimous recommendation and REJECT the Campbell Brothers Offer, you do not need to do anything. Simply disregard all documents sent to you by Campbell Brothers unless otherwise advised by the Board of CCI.

If you wish to accept the Campbell Brothers Offer, you need to do so before its scheduled closing date. Campbell Brothers has indicated that its Offer is scheduled to close at 5.00pm (AEST) on 29 August 2006. However, Campbell Brothers may extend the Offer Period in accordance with the Corporations Act. In addition, the Offer Period may be extended automatically in certain circumstances. See Section 8.4 of Part B of this Target's Statement for details of the circumstances in which the Offer Period can be extended.

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***What are the conditions to the Offer?***

The Campbell Brothers Offer is subject to a number of Defeating Conditions. In summary, the Offer conditions include:

- Campbell Brothers having a relevant interest in at least 90% of CCI Shares before the end of the Offer Period;
- No material adverse change occurring in CCI's business, financial or trading position;
- No Prescribed Occurrences occurring;
- CCI conducting its business in the ordinary course until the end of the Offer Period;
- Campbell Brothers not becoming aware of any misleading statements or omissions in any CCI public filings which may have a material adverse effect on CCI's business, financial or trading position;
- The acquisition of CCI Shares by Campbell Brothers not triggering any third party right to require CCI to buy or sell any material assets or to terminate or vary any material contract; and
- CCI not declaring or paying any dividends or other distributions.

This is only a summary of some of the Defeating Conditions of the Campbell Brothers Offer. See Section 8.1 of Part B of this Target's Statement for further details and refer to clause 13.1 of Part 2 to the Bidder's Statement for full details of all Defeating Conditions.

Note: Please note that the Directors of CCI have already declared the payment of a fully franked dividend of one cent per share out of the Company's FY 2006 profits. A number of CCI's material contracts also have provisions allowing the other parties to terminate or vary the performance of the contracts in the event of a change in control of CCI. Unless the Defeating Conditions in clauses 13.1(f) and (g) of Part 2 of the Bidder's Statement are waived by Campbell Brothers, the Offer is incapable of becoming unconditional.

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***Does satisfaction of the 90% Minimum Acceptance Condition mean that I will definitely get paid if I accept?***

No. Other conditions also apply. All the Defeating Conditions of the Campbell Brothers Offer must be satisfied or waived for the Campbell Brothers Offer to become unconditional and before you are paid (see below).

Even if the 90% Minimum Acceptance Condition is satisfied, other Defeating Conditions may still be unsatisfied and satisfaction (or waiver) of those other Defeating Conditions may take some time or may not occur at all.

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***What happens if the conditions of the Offer are not satisfied or waived?***

If the Defeating Conditions are not satisfied or waived before the Offer closes, the Offer will lapse. In those circumstances, you will not get paid the Offer Price and you will retain ownership of your CCI Shares (even if you had accepted the Offer). You would then be free to deal with your CCI Shares.

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***When will I be paid if I accept the Offer?***

If you accept the Offer, you may have to wait to receive your payment from Campbell Brothers until the earlier of:

- one month after the later of your acceptance of the Offer and the Offer becoming or being declared unconditional; or
- 21 days after the end of the Offer Period (provided that the Offer has become unconditional).

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***What are the tax implications of accepting the Offer?***

This is a serious matter, especially for those who may have purchased CCI Shares in the last 12 months. The Bidder's Statement fails to adequately describe the taxation implications of accepting the Offer.

You should seek your own personal, independent financial and taxation advice before making a decision as to whether or not to accept the Campbell Brothers Offer for your CCI Shares. You may for example be liable for capital gains tax.

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***Is there a contact that I can call if I have further queries in relation to the Offer?***

If you have any further queries in relation to the Offer, please call the CCI Shareholder Information Line on 1800 450 188 from 9.00am until 5.00pm (AEST) Monday to Friday. For legal reasons, calls will be recorded.

You may also make enquiries by emailing to the following address: [shareholderinfo@cciholdings.com.au](mailto:shareholderinfo@cciholdings.com.au)

## PART A (continued)

### 4. FINANCIAL INFORMATION

#### 4.1 INTRODUCTION

The financial information in this section is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with Australian Accounting Standards and the Corporations Act.

The financial results for FY 2005 have been subject to audit, while the financial results for H1 2005 and H1 2006 have been subject to half year audit reviews. The expected financial results for H2 2006 and FY 2006 are unaudited at this stage and whilst no material changes are anticipated, they are nevertheless subject to audit confirmation.

The financial results reported in this document for FY 2005 and FY 2006, together with H1 2005, H2 2005, H1 2006 and H2 2006 have all been prepared under AIFRS. This ensures that the presentation and any analysis of the financial results are on a consistent basis that is in line with current accounting principles and standards.

#### 4.2 CONSOLIDATED HISTORICAL FINANCIAL PERFORMANCE

##### CCI HOLDINGS LIMITED CONSOLIDATED SIX MONTHLY RESULTS AND FULL YEAR 2006

\$000's	Actual H1 2005	Actual H2 2005	Actual H1 2006	Unaudited H2 2006	Unaudited FY 2006
Revenue	25,663	26,589	29,232	30,595	59,827
EBITDA	2,542	2,568	3,462	3,908	7,370
EBIT	1,872	1,561	2,762	3,021	5,783
Borrowing Expenses	(506)	(595)	(462)	(437)	(899)
Interest Received	46	40	55	97	152
Net Profit/(Loss) from Associates	81	43	(29)	41	12
Abnormal Income & Expenses	(3,233)	(2,585)	(271)	152	(119)
NPBT	(1,740)	(1,535)	2,055	2,874	4,929
NPAT	(2,317)	(1,530)	1,448	1,909	3,357

The table on the following page details the abnormal income and expenses that have been incurred during the last two financial years.

<b>Abnormal Income &amp; Expenses - \$000's</b>	<b>Actual H1 2005</b>	<b>Actual H2 2005</b>	<b>Actual H1 2006</b>	<b>Unaudited H2 2006</b>	<b>Unaudited FY 2006</b>
Write-down Value of Investments	(1,862)	(1,396)	-	-	
Write-down Value of Loans	(827)	(78)	-	-	
Write-down Inventory & WIP	(170)	(253)	-	-	
Impairment of Fixed Assets	-	(154)	(50)	-	(50)
Impairment of Deferred Assets	(324)	(248)	-	-	
Understated Prior Year Employee Leave Entitlements	-	(211)	-	-	
Other Adjustments	(50)	(245)	-	(136)	(136)
Closure CCI Indonesia	-	-	(120)	(252)	(372)
Proceeds on Sale of Pluton	-	-	-	678	678
Litigation – Professional Fees	-	-	(101)	(138)	(239)
<b>Abnormal Income/(Expense)</b>	<b>(3,233)</b>	<b>(2,585)</b>	<b>(271)</b>	<b>152</b>	<b>(119)</b>

#### **4.3 DIFFERENCES BETWEEN REPORTING UNDER AGAAP AND AIFRS FOR THE CCI GROUP**

The major differences between reporting under AGAAP and AIFRS for the CCI Group have been detailed previously in Note 2 of the financial statements for H1 2006.

#### **4.4 KEY RISKS**

**Economic Conditions** – The business of CCI may be affected by general economic conditions in the Australian market, especially in the resources sector. Changes in such conditions may affect the demand for CCI's services, which may have an adverse effect on its financial performance.

**Resources Sector Market Risk** – For the purposes of this Target's Statement, the Directors have assumed that the strong resources market will continue for the next 24 months. If this situation changes, then it may affect the demand for CCI's extensive services in the sector.

**Operating Volatility** – In general, CCI's business is not particularly volatile. CCI Australia's business is mainly underpinned by long term contracts and CCI Pope's business is supported by its ability to continue to obtain and utilise well trained personnel in a market short of skills.

**Government and Regulatory Risks** – The business of CCI may be affected by changes in laws, taxes and Government and regulatory policies or by the introduction of regulatory requirements that impose changes to operating practices.

**Key Personnel** – The successful operation of CCI's business depends partly on the contribution and expertise of its management and employees. CCI's operations could be adversely affected if it loses certain key people and is unable to replace them.

Ability to Hire New People – Whilst the Company is forecasting growth in the demand for its services, a key dependency will be the availability of suitably qualified personnel in sufficient numbers to support that growth. To assist in forward planning, CCI has had extensive training programmes in place for many years. Although these programmes and international recruiting have been acceptable in retaining people in the past, CCI accepts that it will lose personnel from time to time.

Loss of Key Clients – A material portion of CCI's business is attributable to a number of key clients. The loss of a major customer or group of customers could have a material impact on the Company.

IT Risk – While CCI is well placed to ensure its information technology systems are well maintained, any significant systems failure could negatively impact the Company and its performance.

Interest Rates and Foreign Exchange Rates – Future movements in interest rates and foreign exchange rates, particularly the US currency, may impact CCI's financial results via the performance of many of its customers who rely on international markets for their products.

Litigation Risk – CCI is presently the subject of litigation brought by the former Executive Chairman, Mr John V Cannane. This matter is presently being heard in the court. CCI anticipates that judgement will not be handed down during the Offer Period. An adverse finding may result in a charge in the order of \$1.0 million. A positive result will see some recoupment of legal costs outlaid on this matter and other sums sought in the cross claims against Mr Cannane.

Reliance on International Activities – Two areas of CCI's current business, Ukraine and Indonesia, are seen by CCI as areas offering growth opportunities. Both countries have experienced political and financial volatility in recent years and the operations rely particularly on existing management structures. Changes could be adverse, but not material.

# **PART B**

- 5. CCI DIRECTORS**
- 6. DIRECTORS' RECOMMENDATIONS AND INTENTIONS**
- 7. DIRECTORS' INTERESTS AND DEALINGS**
- 8. IMPORTANT INFORMATION ABOUT THE OFFER**
- 9. ALTERNATIVES FOR CCI SHAREHOLDERS**
- 10. OTHER MATERIAL INFORMATION**
- 11. ADDITIONAL STATUTORY INFORMATION**
- 12. GLOSSARY AND INTERPRETATION**
- 13. DATE AND AUTHORISATION**

## PART B

### 5. CCI DIRECTORS

#### 5.1 Directors of CCI

The Directors of CCI at the date of this Target's Statement are:

<b>Director</b>	<b>Position</b>
Peter E J Murray	Non-Executive Chairman
Robin Chenery	Non-Executive Director
Brendan T Birthistle	Non-Executive Director
Sean G S Hughes	Non-Executive Director
David G Butel	Director and Chief Executive Officer

#### 5.2 Information on Directors

##### (1) Peter EJ Murray FCA, SDIAM

Mr Murray has been a Non-Executive Director and Non-Executive Chairman of CCI since October 2004. Mr Murray for over 30 years has been a senior executive in merchant banking, stockbroking, investment and operating businesses at Director level. He is experienced in corporate finance, mergers, acquisitions, investment and executive general management.

Mr Murray is the Chairman of the Board and a member of the Audit Committee.

Mr Murray also holds the following current directorships:

- Belmont Holdings Limited - Chairman
- London City Equities Limited - Chairman

##### (2) Robin Chenery FAICD, BSc (Hons), MBA

Mr Chenery joined the Board as a Non-Executive Director in 1998. Mr Chenery has in excess of 37 years extensive Australian and international experience in the steel and coal industries. He has also held a significant number of Board positions throughout his career.

Mr Chenery also holds the following current directorship:

- Varley Holdings Pty Limited

**(3) Brendan T Birthistle MBA, BSc (Hons), BA, Dip Jur, MAICD**

Mr Birthistle joined the Board as a Non-Executive Director in 2003. Mr Birthistle has worked as a corporate planner for international companies in computers and security, as a management consultant and as a Chief Executive Officer of a light engineering company. He is currently Principal of Connaught Consultants, a boutique financial planning organisation. He is a past Chairman of the Australian Shareholders Association.

Mr Birthistle is a member of the Audit Committee.

Mr Birthistle also holds the following current directorship:

- Connaught Consultants (Finance) Pty Limited

**(4) Sean GS Hughes B Bus, FCA, FINSA**

Mr Hughes joined the Board as a Non-Executive Director in July 2004. He has over 25 years experience as an investment banker in Australia and Asia.

Mr Hughes is the Chairman of the Audit Committee.

**(5) David G Butel MBA, BSc, Dip Bus Std, Dip Ed, MAIMM, GAICD**

Mr Butel joined the Board as an Executive Director in 2006. Mr Butel has over 28 years experience in the coal industry and was previously Chief Executive Officer of ACIRL Pty Limited. He has previously held senior positions in both management and marketing with a number of coal companies as well as another service provider SGS Australia.

## PART B (continued)

### 6. DIRECTORS' RECOMMENDATIONS AND INTENTIONS

The Directors of CCI unanimously recommend you **REJECT** Campbell Brothers' hostile inadequate Offer for the reasons set out in this Target's Statement.

To reject the Campbell Brothers Offer, you should **DO NOTHING**.

#### 6.1 Recommendations of the Directors

Each of your Directors desires to make, and considers himself justified in making, a recommendation to CCI Shareholders in relation to the Campbell Brothers Offer.

Your Directors unanimously recommend that CCI Shareholders reject the Campbell Brothers Offer for the reasons set out in Section 1 of Part A of this Target's Statement.

#### 6.2 Reasons for recommendations

Your Directors believe that the Campbell Brothers Offer is inadequate and opportunistic and fails to properly recognise the value of CCI.

The reasons for the Directors' recommendations that you reject the Offer are set out in more detail in Section 1 of Part A of this Target's Statement.

#### 6.3 Intentions of CCI Directors to reject the Campbell Brothers Offer

Each of your Directors who has a relevant interest in CCI Shares intends to reject the Campbell Brothers Offer in respect of those CCI Shares at the current price.

Details of the relevant interests in CCI Shares of each Director are set out in Section 7.1 of Part B of this Target's Statement.

## PART B (continued)

### 7. DIRECTORS' INTERESTS AND DEALINGS

#### 7.1 Relevant interests in marketable securities of CCI

##### (1) Interests held or controlled by the Directors of CCI

The only marketable securities that CCI has on issue are fully paid ordinary shares. As at the date of this Target's Statement, CCI had on issue 132,556,491 fully paid ordinary shares.

At the date of this Target's Statement, the Directors (and their respective Associates) have relevant interests in CCI Shares and CCI Options as set out below.

Director	CCI Shares	CCI Options
Mr Peter EJ Murray	19,254,664	Nil
Mr Robin Chenery	1,110,000	Nil
Mr Brendan T Birthistle	3,081,813	Nil
Mr Sean GS Hughes	16,790,330	Nil
Mr David G Butel	500,000	1,500,000*

\* As previously announced to ASX and as a term of employment of David Butel, he will receive 500,000 CCI Options on each of the next three anniversaries of the commencement of his employment. These CCI Options have an exercise price of 20 cents and expire on 30 June 2010. All of these CCI Options will immediately be issued and become exercisable upon control of CCI changing.

Furthermore, Mr Butel is a Director of CCI-ESAT Pty Limited, trustee of the CCI-ESAT Employee Share Scheme, which held 3,257,606 CCI Shares as at 4 July 2006.

##### (2) Dealings in CCI Shares and CCI Options by Directors

Except as set out below, no Director has provided or agreed to provide, or received or agreed to receive, consideration for any CCI Shares or CCI Options under a sale, purchase or agreement for sale or purchase of such shares or options in the period of four months ending on the date immediately preceding the date of this Target's Statement.

The following Directors (and their Associates) have acquired CCI Shares as set out below.

Director	CCI Shares Acquired	Date of Acquisition	Average Consideration per CCI Share
Mr Peter EJ Murray	300,000	16-18 March 2006	\$0.1965
Mr Peter EJ Murray	450,000	12 April 2006	\$0.20
Mr Robin Chenery	300,000	12 April 2006	\$0.20
Mr Sean GS Hughes	100,000	22-30 March 2006	\$0.195
Mr Sean GS Hughes	650,000	12 April 2006	\$0.20
Mr David G Butel	101,814	12 April 2006	\$0.20
Mr David G Butel	323,186	8-9 March 2006	\$0.20
Mr David G Butel (as a director of CCI-ESAT)	1,000,000	20 April 2006	\$0.19

### (3) CCI-ESAT Pty Limited

The Trustee of CCI-ESAT Pty Limited intends to reject the Campbell Brothers Offer of 31 cents per share. This entity held in trust, on behalf of eligible staff, 3,257,606 CCI Shares, representing 2.5% of the ordinary shares of CCI as at 4 July 2006.

## 7.2 Relevant interests in marketable securities of Campbell Brothers

### (1) Interests held by Directors of CCI

As at the date of this Target's Statement, no Director had a relevant interest in any marketable securities of Campbell Brothers.

### (2) Dealings in Campbell Brothers securities by CCI Directors

No Director has provided or agreed to provide, or received or agreed to receive, consideration for any marketable securities in Campbell Brothers under a sale, purchase or agreement for sale or purchase of such securities in the period of four months ending on the date immediately preceding the date of this Target's Statement.

## 7.3 Payments and benefits

As a result of the Campbell Brothers Offer the following benefits to Directors may occur:

- (1) Robin Chenery – Non-Executive Director - retirement benefit of approximately \$100,000 which is payable upon retirement from the Board. This has been fully provided for previously by CCI in its financial accounts.
- (2) David Butel – Director and Chief Executive Officer – ability to exercise CCI Options in the event of a change in control of CCI as described in section 7.1(1) of this Target's Statement.

- (3) David Butel – Director and Chief Executive Officer – ability to exercise a term of his employment contract, that should a change in control of the Company occur, his contract may be terminated by either party with notice in accordance with his contractual terms and a redundancy payment equivalent to a minimum of six months of total remuneration in addition to statutory entitlements of annual and long service leave.

#### **7.4 Insurance and Indemnities**

CCI holds a Directors' and Officers' Insurance Policy on behalf of current Directors and officers of CCI. The period of the policy is from 31 May 2006 to 31 May 2007.

Each Director is indemnified, to the extent permitted by law and as authorised by CCI's Constitution, against any liability incurred by the Director as a Director of CCI or a subsidiary of CCI and against legal costs incurred by a Director in defending an action for a liability of that Director.

#### **7.5 No agreement with any Director**

Other than as set out in this Target's Statement there is no agreement made between any Director and any other person in connection with or conditional on the outcome of the Campbell Brothers Offer other than in their capacity as a holder of CCI Shares or CCI Options.

#### **7.6 Interests of Directors in any contract with Campbell Brothers**

No Director has an interest in any contract entered into by Campbell Brothers or its related bodies corporate, as at the date of this Target's Statement.

## **PART B (continued)**

### **8. IMPORTANT INFORMATION ABOUT THE OFFER**

#### **8.1 Issues regarding the Campbell Brothers Offer conditions**

##### **(1) 90% Minimum Acceptance Condition – unlikely to be satisfied**

###### **The Condition**

- (a) The Campbell Brothers Offer is subject to the 90% Minimum Acceptance Condition, which if satisfied, would enable Campbell Brothers to achieve compulsory acquisition rights in respect of any CCI Shares for which it has not received an acceptance of its Offer on the same terms as the Offer. For details of the condition, see clause 5.4 of the Bidder's Statement.
- (b) Campbell Brothers has indicated in Section 5.4 of the Bidder's Statement that if it reaches the 90% threshold, it intends to proceed to compulsorily acquire any remaining CCI Shares.
- (c) In Section 13.1(a) of the Bidder's Statement, Campbell Brothers has indicated that the 90% Minimum Acceptance Condition is one of the principal conditions to the Offer.

###### **Unlikely to be satisfied**

As noted in Section 6.3 of Part B of this Target's Statement, each of your Directors who has a relevant interest in CCI Shares does not intend to accept the Campbell Brothers Offer at the 31 cents per share Offer Price.

Given the Directors' unanimous recommendation to REJECT the Campbell Brothers Offer and their intentions in relation to CCI Shares in which they hold a relevant interest (constituting approximately 30.7% of the CCI Shares currently on issue), the Directors believe that it is unlikely that the 90% Minimum Acceptance Condition of the Campbell Brothers Offer will be satisfied.

##### **(2) No dividends – condition will not be satisfied**

The Board of Directors of CCI has declared a one cent per share fully franked dividend to be paid in November 2006 out of the Company's profits for FY 2006. The CCI Dividend Reinvestment Plan, which on this occasion will offer a 5% discount to the market price, will be operative with respect to the dividend.

The declaration of this dividend has the effect of breaching a condition of the Campbell Brothers Offer. The condition may be waived by Campbell Brothers, although it had not done so, or indicated any intention to do so, as at the date of this Target's Statement.

If this Defeating Condition is not waived the Offer will lapse and any CCI Shareholder who has accepted the Offer will retain their CCI Shares (and will not receive any payment from Campbell Brothers).

The terms of the Campbell Brothers Offer also allow Campbell Brothers to direct CCI to pay the dividend directly to Campbell Brothers, or otherwise allow Campbell Brothers to reduce the Offer Price by the amount of the dividend per share if you accept the offer.

## **8.2 Issues arising from the Campbell Brothers Offer**

- (1) If Campbell Brothers acquires more than 50.1% but less than 90% of CCI and waives its 90% Minimum Acceptance Condition, those Shareholders who do not accept the Campbell Brothers Offer may become minority Shareholders in CCI**
- (a) The Campbell Brothers Offer is subject to the 90% Minimum Acceptance Condition. This condition, like all other Defeating Conditions to the Campbell Brothers Offer, may be waived by Campbell Brothers.
- (b) In Section 6.5 of the Bidder's Statement, Campbell Brothers sets out the possible consequences of it not becoming entitled to at least 90% of the CCI Shares but proceeding with the Offer and acquiring a controlling interest in CCI. If this were to occur, those CCI Shareholders who do not accept the Campbell Brothers Offer will become minority shareholders in CCI. This has a number of possible implications including the following:
- Campbell Brothers may be in a position to determine the votes at a general meeting of CCI. This will enable Campbell Brothers to control the composition of the CCI Board of Directors and senior management, determine CCI's dividend policy and control the strategic direction of the businesses of the CCI Group;
  - it is likely that the liquidity of CCI Shares would be significantly lower than at present;
  - if the number of CCI Shareholders is less than that required by the ASX Listing Rules to maintain an ASX listing, Campbell Brothers may seek to have CCI removed from the official list of ASX. If this occurs, CCI Shares will not be able to be bought or sold on ASX; and
  - if Campbell Brothers acquires 75% or more of the CCI Shares, it will be able to pass special resolutions of CCI. This will enable Campbell Brothers to, among other things, change CCI's Constitution.

## **(2) Compulsory acquisition**

### **(a) Compulsory acquisition following takeover**

Campbell Brothers will be entitled to compulsorily acquire any outstanding CCI Shares in respect of which it has not received acceptances on the same terms as the Offer if, during or at the end of the Offer Period, Campbell Brothers (taken together with its Associates):

- has a relevant interest in at least 90% (by number) of CCI Shares; and
- has acquired at least 75% (by number) of CCI Shares for which it has made an Offer.

Campbell Brothers has indicated in Section 5.4 of its Bidder's Statement that it intends to compulsorily acquire any outstanding CCI Shares if it becomes entitled to do so. It is unlikely that Campbell Brothers will meet the compulsory acquisition thresholds – see Section 8.1(1) of Part B of this Target's Statement.

If the compulsory acquisition thresholds are met, Campbell Brothers must give compulsory acquisition notices to each holder of CCI Shares during the Offer Period or within one month after the end of the Offer Period.

CCI Shareholders have statutory rights to challenge the compulsory acquisition by applying to a court, but the court may order the CCI Shares not be compulsorily acquired only if the court is satisfied that the consideration does not represent fair value for their CCI Shares. CCI Shareholders should be aware that, if their CCI Shares are acquired compulsorily, they are not likely to receive any payment until at least one month after the compulsory acquisition notices are sent.

### **(b) CCI Shares issued on exercise of CCI Options**

The Campbell Brothers Offer extends to CCI Shares that are issued on the exercise of CCI Options during the period from 18 July 2006 to the end of the Offer Period. These relate solely to the options of Mr David Butel.

If Campbell Brothers becomes entitled to proceed to compulsory acquisition and proceeds to compulsorily acquire the outstanding CCI Shares, Campbell Brothers must acquire the CCI Shares which are issued on exercise of CCI Options before the end of the Offer Period.

Campbell Brothers may compulsorily acquire CCI Shares that are issued on exercise of CCI Options after the end of the Offer Period if the CCI Shares have been issued before the compulsory acquisition notice is issued or within six weeks after the compulsory acquisition notice is given.

(c) **General compulsory acquisition power**

If CCI becomes a partly-owned subsidiary of Campbell Brothers, Campbell Brothers may exercise its general compulsory acquisition rights if it becomes entitled to do so at a later time. The general compulsory acquisition rights may be triggered if after the end of the Offer Period, Campbell Brothers acquires a full beneficial interest in at least 90% by value of CCI Shares, and its voting power in CCI is above 90%.

In that case, Campbell Brothers would have a period of six months from that time to compulsorily acquire CCI Shares not owned by it, which requires the acquisition to take place at a price which equals or exceeds the "fair value" of the CCI Shares. If CCI Shareholders holding at least 10% of the CCI Shares the subject of the compulsory acquisition notice object to the acquisition, Campbell Brothers would need to apply to the court for approval of the acquisition of the CCI Shares the subject of the compulsory acquisition notice.

(d) **Compulsory buy out rights**

If Campbell Brothers (taken together with its Associates) has a relevant interest in at least 90% of CCI Shares at the end of the Offer Period and it does not exercise or is not entitled to exercise the compulsory acquisition rights described above, Campbell Brothers must offer to acquire for fair value the remaining CCI Shares and CCI Options. The terms of the offer must be set out in a notice given during or within one month after the end of the Offer Period and the offer must be accepted within one month after the notice has been given.

### **8.3 Notice of status of conditions**

- (1) Clause 13.5 of Part 2 of the Bidder's Statement indicates that Campbell Brothers will give a notice regarding the status of the Defeating Conditions to its Offer to ASX and CCI on 22 August 2006.
- (2) Campbell Brothers is required to set out in its notice regarding the status of Defeating Conditions:
  - (a) whether the Offer is free of any or all of the Defeating Conditions;
  - (b) whether, so far as Campbell Brothers knows, any of the Defeating Conditions have been fulfilled; and
  - (c) Campbell Brothers' voting power in CCI.
- (3) If the Offer Period is extended before the date on which the notice regarding the status of the Defeating Conditions is due to be given (i.e. the Offer Period is extended before 22 August 2006), the date for giving the notice will be taken to have been postponed for the same period as the extension of the Offer Period.
- (4) If the Offer Period is extended on or before 22 August 2006, Campbell Brothers must as soon as practicable after the extension, give a notice to ASX and CCI that states the new date for the giving of the notice regarding the status of Defeating Conditions to its Offer.

#### **8.4 Extension of Offer Period**

- (1) While the Offer is subject to Defeating Conditions, Campbell Brothers may extend the Offer Period at any time before giving the notice regarding the status of Defeating Conditions referred to in Section 8.3 of Part B of this Target's Statement.
- (2) If the Offer is unconditional (i.e. all Defeating Conditions have been satisfied or waived), Campbell Brothers may extend the Offer Period at any time before the end of the Offer Period.
- (3) Also, the Offer Period will be automatically extended if, within the last seven days of the Offer Period:
  - (a) Campbell Brothers improves the consideration offered under the Offer; or
  - (b) Campbell Brothers' voting power in CCI increases to more than 50%.

If either of the events referred to above occur, the Offer Period is automatically extended so that it ends 14 days after the event. Campbell Brothers is required to give CCI and CCI Shareholders who have not yet accepted the Offer notice of the extension within three days after the event.

#### **8.5 Lapse of Offer**

The Offer will lapse if all Defeating Conditions to the Offer are not satisfied or waived by the end of the Offer Period. If the Offer lapses, all contracts resulting from acceptance of the Offer and all acceptances which have not yet resulted in binding contracts will become void.

#### **8.6 Withdrawal of Offer**

Campbell Brothers may only withdraw the Offer for your CCI Shares with the written consent of ASIC and subject to any conditions specified in such ASIC consent.

#### **8.7 Effect of acceptance and rights of withdrawal**

If you accept the Campbell Brothers Offer, you will only have a limited right to withdraw your acceptance of the Offer. You will only be entitled to withdraw your acceptance of the Campbell Brothers Offer if:

- (a) Campbell Brothers varies the Offer in a way that postpones, for more than one month, the time when Campbell Brothers must meet its obligations under the Offer; and
- (b) the Offer is still subject to Defeating Conditions.

This will occur if Campbell Brothers extends the Offer Period by more than one month and the Offer remains conditional at the time of the extension.

The effect of acceptance of the Offer is set out in clause 11 of Part 2 of the Bidder's Statement. You should read these provisions carefully and in full.

## **PART B (continued)**

### **9. ALTERNATIVES FOR CCI SHAREHOLDERS**

#### **9.1 Your choices as a CCI Shareholder**

As a CCI Shareholder you currently have three choices.

Your Directors unanimously recommend that you REJECT the Campbell Brothers Offer. To reject the Campbell Brothers Offer, simply ignore all documents sent to you by Campbell Brothers.

#### **(1) RETAIN YOUR SHARES BY REJECTING THE OFFER**

If you do not wish to accept the Campbell Brothers Offer, simply ignore any documents sent to you by Campbell Brothers. You should note that:

- if you choose not to accept the Campbell Brothers Offer and Campbell Brothers acquires at least 90% of the CCI Shares, Campbell Brothers may become entitled to compulsorily acquire the balance of the CCI Shares not accepted into the offer, and it has said that it intends to exercise those rights (see Section 8.2(2) of Part B of this Target's Statement for further details); and
- if Campbell Brothers acquires a controlling interest but less than 90% of the CCI Shares (i.e. it waives the current 90% Minimum Acceptance Condition, all other Defeating Conditions of its Offer are either satisfied or waived and Campbell Brothers acquires control of CCI) and you continue to hold CCI Shares, you will be exposed to the risks associated with being a minority shareholder in CCI (see Section 8.2(1) of Part B of this Target's Statement for further details).

#### **(2) Sell your CCI Shares on-market**

During the Offer Period, you may sell your CCI Shares on-market through ASX for cash, provided you have not already accepted the Campbell Brothers Offer for those shares (or, if you have accepted the Campbell Brothers Offer, provided you have validly withdrawn that acceptance).

CCI Shares have traded at prices well above Campbell Brothers' Offer Price since the date of the announcement of the Offer by Campbell Brothers. The latest trading price for CCI Shares may be obtained from the ASX website [www.asx.com.au](http://www.asx.com.au) using the code "CHL".

If you sell your CCI Shares on-market, you will receive the consideration for that sale of your CCI Shares sooner than if you accept the Campbell Brothers Offer while it is subject to Defeating Conditions. If you sell your CCI Shares on-market, you:

- will lose the ability to accept the Campbell Brothers Offer and, if the Offer becomes unconditional, receive the Offer Price (and any possible increase in the Offer Price) in relation to those Shares;

- will lose the ability to accept any competing offer should such an offer emerge;
- may be liable for capital gains tax on the sale;
- may incur a brokerage charge; and
- will lose the opportunity to receive future returns from CCI.

You should contact your broker for information on how to sell your CCI Shares through ASX and your tax adviser to determine your tax implications from such a sale.

### **(3) Accept the Campbell Brothers Offer**

The CCI Directors unanimously recommend that you REJECT the Campbell Brothers Offer. However, you may choose to accept the Campbell Brothers Offer. Campbell Brothers has stated that its Offer remains open until 5.00 pm (AEST) on 29 August 2006. It is possible that Campbell Brothers will choose to extend the Offer Period in accordance with the Corporations Act. If that happens, Campbell Brothers will file a notice of extension at ASX. Details of the payment that you will receive if you accept the Campbell Brothers Offer are set out in the Bidder's Statement.

## **9.2 What happens if you accept the Campbell Brothers Offer**

If you accept the Campbell Brothers Offer before all Defeating Conditions are satisfied or waived, you will have to wait at least until the Offer becomes unconditional before you are paid. In the meantime:

- you will be unable to sell or otherwise deal with your CCI Shares; and
- if you receive dividends from CCI, the value of the Offer consideration you are entitled to if all Defeating Conditions are satisfied or waived may be reduced by the value of the dividend. In particular, CCI has already declared a fully franked dividend of one cent per share in respect of the profit for FY 2006. The terms of the Campbell Brothers Offer allow Campbell Brothers to direct CCI to pay the dividend directly to Campbell Brothers, or otherwise allow Campbell Brothers to reduce the Offer Price by an amount equal to the value of the dividend.

If you have accepted the Offer and Campbell Brothers extends the Offer Period so that the time for payment of the consideration to you is delayed by more than one month, you will be entitled to withdraw your acceptance of the Campbell Brothers Offer by notice to Campbell Brothers.

Before you consider accepting the Campbell Brothers Offer, you should read the effect of acceptance set out in clause 11 of Part 2 of the Bidder's Statement. That section describes the rights attached to your CCI Shares that you will be giving up, the representations and warranties that you will be making and the irrevocable authorities and appointments that you will be granting Campbell Brothers, if you accept the Campbell Brothers Offer.

CCI Shareholders should note that, among other things, clause 11 of Part 2 of the Bidder's Statement provides that CCI Shareholders who accept the Offer, once it has been declared free of all Defeating Conditions, agree not to attend or vote in person

at any general meeting of CCI and grant Campbell Brothers a power of attorney to attend and vote at such meetings and exercise other rights in respect of your CCI Shares.

CCI Shareholders who accept the Campbell Brothers Offer may be liable to tax on the disposal of their CCI Shares. These implications are not adequately described in the Bidder's Statement.

You should seek your own personal, independent financial and taxation advice before making a decision as to whether or not to accept the Campbell Brothers Offer for your CCI Shares.

## **PART B (continued)**

### **10. OTHER MATERIAL INFORMATION**

#### **10.1 Acquisitions and disposals**

CCI is in negotiations with two third parties in relation to the proposed acquisition of the assets and business of these third parties. At the date of this Target's Statement, negotiations are ongoing and the CCI Board has not made a decision as to whether or not it will proceed with either or both of these potential acquisitions. Accordingly, CCI has not announced the details to ASX but will do so immediately once negotiations have concluded and the terms of any potential acquisition are finalised.

#### **10.2 Material contracts**

CCI has identified many contracts to which CCI or a subsidiary is a party which:

- contain change of control provisions that have been or may be triggered as a result of Campbell Brothers making its Offer or as a result of acceptances of the Campbell Brothers Offer or if Campbell Brothers acquires a relevant interest in more than 50% of the CCI Shares; and
- CCI considers to be material to its operations, such that if a counterparty to any such contract exercises its change of control rights this could have an impact on the future prospects of the Merged Group or CCI as a stand-alone entity (if Campbell Brothers obtains a controlling interest in CCI but less than 90% of the CCI Shares and elects to waive the 90% Minimum Acceptance Condition).

The relevant provisions of some of these key contracts are summarised in the paragraph below.

##### **(1) Other supplier and customer contracts**

CCI is a party to contracts with key suppliers and customers which may be terminated following a change in control of CCI. These provisions in CCI's supplier and customer contracts are likely to become operative if Campbell Brothers obtains a controlling interest in the CCI Shares.

The Directors do not consider that the risk of these contracts being terminated on a change in control of CCI is high. If these contracts were terminated however, the effect on CCI would be significant.

The Directors note that the mere existence of the termination rights constitutes a breach of the Defeating Condition in clause 13.1(f) of the Bidder's Statement. The Offer is not capable of becoming unconditional if Campbell Brothers receives sufficient acceptances to give it control of CCI unless this Defeating Condition is waived by Campbell Brothers.

## **(2) BankWest Facility Agreement**

CCI, its related bodies corporate and BankWest are parties to a facility agreement dated 11 May 2005 (**Facility Agreement**). Under the Facility Agreement, CCI has various loan facility arrangements provided to it by BankWest with the total facility limit of \$9,000,000.

Under the Facility Agreement, if circumstances occur where, without BankWest's prior written consent, control (as defined in the Corporations Act) of CCI or a guarantor or any of its related bodies corporate is, in BankWest's opinion, altered from that subsisting at the date of the Facility Agreement, an "Event of Default" will occur unless waived by BankWest in writing.

If an Event of Default occurs, BankWest is entitled by notice to CCI to exercise various rights under the Facility Agreement, including:

- (a) terminate some or all of its obligations under the Facility Agreement; and
- (b) immediately make demand for repayment of some or all of the total amount outstanding under all the facilities.

As at the date of this Target's Statement, CCI has not received any written notice from BankWest that BankWest intends to exercise its rights under the change of control provisions.

The Directors note that the mere existence of the early repayment rights will constitute a breach of the Defeating Condition in clause 13.1(f) of the Bidder's Statement. The Offer is not capable of becoming unconditional if Campbell Brothers receives sufficient acceptances to give it control of CCI unless this Defeating Condition is waived by Campbell Brothers.

### **10.3 Impact of Offer on CCI's employee incentive schemes**

#### **(1) Employee Share Allocation Scheme**

As part of the remuneration strategy of CCI for executives and employees, CCI currently has in operation an employee share allocation scheme (**ESAT**).

The terms of the scheme are defined in a trust deed. Should the Offer by Campbell Brothers be successful the share proceeds for those included in the scheme would be held in trust for applicable employees in accordance with the trust deed.

CCI-ESAT Pty Limited, as trustee, does not intend to accept the Campbell Brothers Offer in respect of the shares held in the ESAT at the current Offer Price.

#### **(2) Options**

The only option plan in place is that for David Butel.

#### **10.4 Litigation**

There is only one current litigation matter of a material nature against CCI or any controlled entity of CCI. The court hearing in relation to this matter commenced on 24 July 2006. The litigation has been brought by the former Executive Chairman of CCI, John Vincent Cannane.

#### **10.5 Taxation consequences for CCI Shareholders**

The taxation consequences of accepting the CCI Offer depend on a number of factors and will vary depending on each CCI Shareholder's particular circumstances.

The Bidder's Statement does not include an adequate description of the taxation implications of accepting the Offer.

You should seek your own personal, independent financial and taxation advice before making a decision as to whether or not to accept the Campbell Brothers Offer for your CCI Shares.

## **PART B (continued)**

### **11. ADDITIONAL STATUTORY INFORMATION**

#### **11.1 Consents**

**(1) Financial adviser**

TC Corporate Pty Limited has given and not withdrawn its consent before the date of this Target's Statement to being named in this Target's Statement as financial adviser to CCI.

**(2) Legal adviser**

Deacons has given and not withdrawn its consent before the date of this Target's Statement to being named in this Target's Statement as legal adviser to CCI.

**(3) Directors**

This Target's Statement contains statements made by, or statements based on statements made by the Directors. Each of the Directors has consented to the inclusion of each statement they have made and each statement which is based on a statement they have made in the form and context in which the statements appear. None of the Directors has withdrawn that consent prior to the date that this Target's Statement was lodged with ASIC.

**(4) Trustee of CCI-ESAT**

CCI-ESAT Pty Limited has consented to the inclusion of each statement which is based on a statement it has made in the form and context in which the statements appear in this Target's Statement. CCI-ESAT Pty Limited has not withdrawn that consent prior to the date that this Target's Statement was lodged with ASIC.

**(5) Disclaimer**

Each person named above as having given its consent to the inclusion of a statement or to being named in this Target's Statement:

- (a) does not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Target's Statement with the consent of that person; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement or for any statement included in this Target's Statement other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Target's Statement with the consent of that person.

## 11.2 Consents not required

- (1) This Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or ASX (in compliance with the ASX Listing Rules). Pursuant to ASIC Class Order 01/1543, the consent of persons to whom such statements are attributed is not required for the inclusion of such statements in this Target's Statement.
- (2) Any CCI Shareholder who would like to receive a copy of the following documents that contain the statements which have been included in this Target's Statement pursuant to ASIC Class Order 01/1543 may obtain a copy free of charge by contacting the CCI Shareholder Information Line on 1800 450 188.
  - Campbell Brothers' Bidder's Statement;
  - CCI's Half Year Accounts for the six months ended 31 December 2005; and
  - Announcements by CCI to ASX.
- (3) As permitted by ASIC Class Order 03/635, this Target's Statement may include or be accompanied by certain statements that:
  - fairly represent a statement by an official person; or
  - is a copy or extract from a public official document or a statement that has already been published in a book, journal or comparable publication,where the statement was not made, or the document was not published, in connection with the Campbell Brothers Offer or Campbell Brothers or CCI or any business, property or person the subject of the Bidder's Statement or this Target's Statement.
- (4) Pursuant to Class Order 03/635, the consent of persons to whom such statements are attributed is not required for the inclusion of such statements in this Target's Statement.

## 11.3 Continuous disclosure

- (1) CCI is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These obligations require CCI to notify ASX of information about specified matters and events as they occur for the purpose of making that information available to the market. In particular, CCI has an obligation (subject to limited exceptions) to notify ASX immediately on becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of CCI Shares.
- (2) Copies of the documents filed with ASX may be obtained from the ASX website at [www.asx.com.au](http://www.asx.com.au).

Copies of documents lodged with ASIC in relation to CCI may be obtained from, or inspected at, an ASIC office.

CCI's announcements to ASX since the release of CCI's 2005 Annual Report on 30 September 2005 are as follows:

<b>Date</b>	<b>Subject matter</b>
24/07/2006	Record Results for 2006 (Audio stream)
20/07/2006	Dispatch of Corrected Bidder's Statement to CCI s/holders
19/07/2006	Record Results for 2006/Declaration of Dividend
19/07/2006	Amended Bidder's Statement and Letters to CCI shareholders
18/07/2006	Becoming a substantial holder for CHL
18/07/2006	Bidder's Statement Dispatched
18/07/2006	CPB: Bidders Statement sent to CCI Shareholders
06/07/2006	Notice of Record Date for Takeover Bid for CHL
05/07/2006	Appointment of Advisers for CPB takeover bid
04/07/2006	Bidder's Statement - Off-market bid
29/06/2006	BET's ann: Outlook Enhanced
28/06/2006	Sale of remaining 50% interest in Ukraine Pluton Project
21/06/2006	Change in substantial holding from CPB
16/06/2006	Important Shareholder Update
14/06/2006	LCE: Rejects Campbell Brothers Offer for CCI Holdings
13/06/2006	Becoming a substantial holder from CPB
13/06/2006	CHL: Board rejects CBL Proposed Offer
09/06/2006	Campbell Brothers Bid for CCI Holdings Limited
09/06/2006	CPB: Intention to Make Takeover Bid for CCI Holdings Ltd
20/04/2006	Appendix 3B
20/04/2006	Change of Director's Interest Notice
20/04/2006	Change of Director's Interest Notice x3
12/04/2006	QML: Sale of CCI Shareholding
30/03/2006	Change of Director's Interest Notice
22/03/2006	Change of Director's Interest Notice
16/03/2006	Initial Director's Interest Notice
14/03/2006	Report to Shareholders
10/03/2006	Appointment of CEO to Board of Directors
10/03/2006	Change of Director's Interest Notice
02/03/2006	Half Yearly Report & Half Year Accounts to 31 Dec 2005
17/01/2006	CHL: Renewal of Contracts
10/01/2006	Change of Company Secretary
05/12/2005	Final Director's Interest Notice
30/11/2005	Results of AGM
30/11/2005	Chairman's AGM Address to Shareholders

#### 11.4 No other material information

- (1) This Target's Statement is required to include all the information that CCI Shareholders and their professional advisers would reasonably require to make an informed assessment of whether to accept the Campbell Brothers Offer, but:
  - only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
  - only if the information is known to any of the CCI Directors.
- (2) The CCI Directors are of the opinion that the information that Shareholders and their professional advisers would reasonably require to make an informed assessment of whether to accept the Campbell Brothers Offer is:
  - the information contained in the Bidder's Statement (to the extent that the information is not inconsistent with or superseded by information in this Target's Statement);
  - the information contained in CCI's 2006 Half Year Report (for H1 2006);
  - CCI's 2005 Annual Report (for FY 2005);
  - the information contained in CCI's releases to ASX and in documents lodged by CCI with ASIC prior to the date of this Target's Statement; and
  - the information contained in this Target's Statement.
- (3) The CCI Directors have assumed, for the purposes of preparing this Target's Statement, that the information contained in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the CCI Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all of the statements contained in it.
- (4) In deciding what information should be included in this Target's Statement, the Directors have had regard to:
  - the nature of the CCI Shares;
  - the matters CCI Shareholders may reasonably be expected to know;
  - the fact that certain matters may reasonably be expected to be known to the professional advisers of CCI Shareholders; and
  - the time available to CCI to prepare this Target's Statement.

## PART B (continued)

### 12. GLOSSARY AND INTERPRETATION

#### 12.1 Glossary

- (1) In this Target's Statement, the following defined terms are used, unless the contrary intention appears or the context requires otherwise:
- (a) **90% Minimum Acceptance Condition** means the Defeating Condition more fully described in clause 13.1(a) of Part 2 to the Bidder's Statement that before the end of the Offer Period, Campbell Brothers and its Associates have relevant interests in at least 90% of the CCI Shares then on issue and comprising at least 75% by number of all of the CCI Shares subject to the bid.
  - (b) **AGAAP** means Australian Generally Accepted Accounting Principles.
  - (c) **AGM** means the annual general meeting of CCI held on 30 November 2005.
  - (d) **AIFRS** means Australian equivalents to International Financial Reporting Standards.
  - (e) **ASIC** means the Australian Securities and Investments Commission.
  - (f) **Associate** has the same meaning as that ascribed to it in Section 9 of the Corporations Act.
  - (g) **ASX** means Australian Stock Exchange Limited ABN 98 008 624 691.
  - (h) **ASX Listing Rules** means the listing rules of ASX.
  - (i) **BankWest** means Bank of Western Australia Limited ABN 22 050 494 454
  - (j) **Bidder's Statement** means the bidder's statement dated 18 July 2006 in relation to the Campbell Brothers Offer, being the statement of Australian Laboratory Services Pty Limited under Part 6.5 of the Corporations Act relating to the Campbell Brothers Offer, as supplemented or replaced prior to the date of this Target's Statement.
  - (k) **Board** means the board of directors of CCI from time to time.
  - (l) **Business Days** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.
  - (m) **Campbell Brothers** means Campbell Brothers Limited ACN 009 637 489 or its wholly owned subsidiary, Australian Laboratory Services Pty Limited ACN 009 936 029

- (n) **Campbell Brothers Offer** or **Offer** means the takeover offers by Campbell Brothers to acquire all of the CCI Shares on the terms and conditions set out in the Bidder's Statement.
- (o) **CCI** means CCI Holdings Limited ABN 51 000 680 740.
- (p) **CCI Australia** means CCI Australia Pty Limited ABN 64 001 285 927.
- (q) **CCI Group** means CCI and its controlled entities.
- (r) **CCI Options** means options to subscribe for CCI Shares.
- (s) **CCI Pope** means CCI Pope Pty Limited ABN 86 000 928 816.
- (t) **CCI Shareholder** means a registered holder of CCI Shares.
- (u) **CCI Shares** means fully paid ordinary shares in the capital of CCI.
- (v) **Company** means CCI.
- (w) **Constitution** means the constitution of CCI as amended from time to time.
- (x) **Corporations Act** means Corporations Act 2001 (Cth).
- (y) **Defeating Condition** means a defeating condition of the Campbell Brothers Offer set out in clause 13.1 of Part 2 to the Bidder's Statement.
- (z) **Director** means a director of CCI as at the date of this Target's Statement.
- (aa) **EBIT** means earnings before interest and tax.
- (bb) **EBITDA** means earnings before interest, tax, depreciation and amortisation.
- (cc) **FY 2005** means the 2005 financial year and for CCI means the financial year ended 30 June 2005.
- (dd) **FY 2006** means the 2006 financial year and for CCI means the financial year ended 30 June 2006.
- (ee) **H1 2005** means the first half of the 2005 financial year and for CCI means the six months ended 31 December 2004.
- (ff) **H2 2005** means the second half of the 2005 financial year and for CCI means the six months ended 30 June 2005.
- (gg) **H1 2006** means the first half of the 2006 financial year and for CCI means the six months ended 31 December 2005.
- (hh) **H2 2006** means the second half of the 2006 financial year and for CCI means the six months ended 30 June 2006.

- (ii) **Merged Group** means Campbell Brothers and its subsidiaries, in the event that Campbell Brothers acquires all or a majority of the CCI Shares.
- (jj) **NPAT** means net profit after tax.
- (kk) **Offer Period** means the period during which the Offer will remain open for acceptance in accordance with clause 7.4 of Part 2 of the Bidder's Statement.
- (ll) **Offer Price** means 31 cents per CCI Share.
- (mm) **Prescribed Occurrence** means an occurrence listed in clause 13.1(c) of Part 2 to the Bidder's Statement.
- (nn) **Price / Earnings Ratio** means the share price divided by the annual earnings per share.
- (oo) **Target's Statement** means this document (including any annexure and appendices) being the statement of CCI under Part 6.5 Division 3 of the Corporations Act.
- (pp) **TC Corporate** means TC Corporate Pty Limited ABN 31 075 963 352.

## 12.2 Interpretation

- (1) In this Target's Statement, capitalised terms are defined in Section 12.1 of Part B of this Target's Statement.
- (2) Unless specified otherwise, or otherwise required by the context, all words and phrases in this Target's Statement shall have the meanings given to them in the Corporations Act.
- (3) Headings are for convenience only and do not affect interpretation. The following rules apply unless the context requires otherwise:
  - the singular includes the plural and conversely;
  - a gender includes all genders;
  - if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
  - a reference to a person includes a body corporate, an unincorporated body or other entity and conversely; and
  - a reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.

## **PART B (continued)**

### **13. DATE AND AUTHORISATION**


#### **13.1 Date**

This Target's Statement is dated 2 August 2006 which is the date on which it was lodged with ASIC.

#### **13.2 Authorisation**

This Target's Statement has been approved by a resolution passed by the Directors of CCI. No Director of CCI voted against the resolution authorising this Target's Statement.

**SIGNED** for and on behalf of CCI Holdings Limited

A handwritten signature in black ink, appearing to read 'Peter E J Murray'. The signature is written in a cursive style with a large initial 'P' and a long horizontal stroke.

***Peter E J Murray***  
Chairman  
CCI Holdings Limited

# Corporate Directory

## **Directors of CCI**

Peter EJ Murray	Chairman
David Butel	Chief Executive Officer
Brendan Birthistle	
Robin Chenery	
Sean Hughes	

## **Company Secretary**

Brian Milton

## **Registered Office**

29 Rosegum Close  
Warabrook NSW 2304  
Telephone (02) 49672788  
Facsimile (02) 49601030

## **Share Registry**

Computershare Investor Services  
Level 3  
60 Carrington Street  
Sydney NSW 2000

## **Legal Adviser to CCI**

Deacons  
Level 8  
1 Alfred Street  
Sydney NSW 2000

## **Corporate Adviser to CCI**

TC Corporate  
Level 2  
55 Hunter Street  
Sydney NSW 2000

## **Shareholder Enquiries**

Telephone	1800 450 188
Email	<a href="mailto:shareholderinfo@cciholdings.com.au">shareholderinfo@cciholdings.com.au</a>