



12 November 2009

Dear PearlStreet Shareholder,

Recommended cash offer to purchase your PearlStreet Shares

As announced to the ASX on 27 October 2009, Campbell Brothers Limited (**Campbell Brothers**), through its wholly owned subsidiary Australian Laboratory Services Pty Ltd (**ALS**), is making an offer to purchase each PearlStreet Share you own, and any shares issued as a result of the exercise of PearlStreet options held by you, for 75 cents cash per share (**Offer**). The board of PearlStreet Limited (**PearlStreet**) has unanimously recommended that you **ACCEPT** the Offer, in the absence of a superior proposal.

We are pleased to enclose the following documents relating to the Offer:

- The Bidder's Statement, prepared by ALS, containing certain information that must be provided to you about the terms and conditions of the Offer and other important matters together with a personalised Acceptance Form.¹
- The Target's Statement, prepared by PearlStreet, containing your directors' formal response to the Offer and setting out in detail the directors' reasons for recommending that you accept the Offer, in the absence of a superior proposal.²

We encourage you to read the Bidder's Statement and the Target's Statement before deciding whether to accept the offer for your PearlStreet shares. If you are in any doubt as to what action to take, you should consult your broker, legal, financial or other professional advisor. Both ALS and PearlStreet have set up Offer information lines that you can call if you have any questions about the Offer. Details for the Offer information lines are contained in the Bidder's Statement and Target's Statement.

The Offer is open for acceptance until 4.00pm (AWST) on 14 December 2009, unless otherwise extended. If you wish to accept the Offer then please follow the instructions in the Bidder's Statement and the enclosed Acceptance Form.

Yours sincerely

A handwritten signature in black ink, appearing to read "D R Eiszele".

D R Eiszele
Chairman
PearlStreet Limited

A handwritten signature in black ink, appearing to read "Geoff McGrath".

Geoff McGrath
Chairman
Campbell Brothers Limited

¹ The Bidder's Statement is provided to you by ALS. PearlStreet does not take any responsibility for the accuracy or completeness of its content.

² The Target's Statement is provided to you by PearlStreet. Neither Campbell Brothers nor ALS takes any responsibility for the accuracy or completeness of its content.

OFFER DOCUMENT AND BIDDER'S STATEMENT

OFFER BY

AUSTRALIAN LABORATORY SERVICES PTY LTD

ACN 009 936 029

a wholly owned subsidiary of



TO ACQUIRE ALL YOUR ORDINARY SHARES IN

PEARLSTREET LIMITED

ACN 107 329 224

**ALS IS OFFERING 75 CENTS IN CASH FOR
ALL YOUR SHARES IN PEARLSTREET**

**THIS OFFER IS UNANIMOUSLY RECOMMENDED BY THE
BOARD OF PEARLSTREET, IN THE ABSENCE OF A
SUPERIOR PROPOSAL**

**The Offer is dated 12 November 2009 and expires at 4.00pm AWST on 14 December 2009,
unless withdrawn or extended.**

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to how to deal with this document or the Offer contained in it, please consult your financial or other professional adviser. If you have any questions about the Offer or this document call the Offer information line on 1300 825 208 (for callers within Australia) or +61 3 9415 4248 (for callers outside Australia).

Financial Adviser
J.P.Morgan

Legal Adviser

MinterEllison

LAWYERS

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Key dates

Bidder's statement lodged with ASIC	10 November 2009
Record Date	10 November 2009
Offer opens	12 November 2009*
Offer ends, unless extended	4.00pm AWST on 14 December 2009

* PearlStreet has given its consent to ALS sending this bidder's statement to PearlStreet Shareholders and holders of PearlStreet Options earlier than would otherwise be permitted under Item 6 of section 633 of the Corporations Act.

Key contacts

Share registry for the Bid

Computershare Investor Services Pty Limited
GPO Box 52
MELBOURNE VIC 3001

Offer information line

Call 1300 825 208 (for callers within Australia) or +61 3 9415 4248 (for callers outside Australia). The Offer information line is open between 7.00am and 4.00pm AWST during the Offer Period. Please note that calls to the Offer information line may be recorded.

Important Information

This bidder's statement is issued by ALS under Part 6.5 of the Corporations Act. A copy of this bidder's statement was lodged with ASIC on 10 November 2009. ASIC takes no responsibility for the content of this bidder's statement.

This document does not take into account the individual investment objectives, financial situation or particular needs of each PearlStreet Shareholder or any other person. PearlStreet Shareholders may wish to seek independent financial and taxation advice before deciding whether or not to accept the Offer.

The distribution of this document and the making of the Offers may, in certain jurisdictions, be restricted by law. The Offers are not being made, directly or indirectly, in or into, and will not be capable of acceptance from within, any jurisdiction in which the making of the Offers or the acceptance thereof would not be in compliance with the laws of that jurisdiction. Persons who come into possession of this document should inform themselves of and observe any of these restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any of these jurisdictions. ALS does not assume any responsibility for any violation by any person of any of these restrictions.

ALS has collected your information from the PearlStreet register of shareholders for the purpose of making this Offer and, if accepted, administering your holding of PearlStreet Shares. The Corporations Act requires the names and addresses of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to ALS' related bodies corporate and external service providers, and may be required to be disclosed to regulators such as ASIC.

A number of defined terms are used in this bidder's statement. Unless the contrary intention appears, the context requires otherwise or words are defined in section 9 of this bidder's statement, words and phrases in this bidder's statement have the same meaning and interpretation as in the Corporations Act.

Letter from the chairman of Campbell Brothers



Dear PearlStreet Shareholder,

Recommended all-cash Offer for PearlStreet

We are delighted to enclose our Offer as recommended by the PearlStreet board, in the absence of a superior proposal, to acquire all your PearlStreet Shares.

Campbell Brothers, through its wholly owned subsidiary Australian Laboratory Services Pty Ltd (**ALS**), is offering 75 cents cash for each PearlStreet Share you own. PearlStreet Shareholders entitled to receive the final dividend for the financial year ending in 2009 will still receive that dividend (which is fully franked). The Offer includes PearlStreet Shares that are issued before the end of the Offer Period on exercise of PearlStreet Options.

The Offer Price of 75 cents cash for each PearlStreet Share represents a significant premium for your PearlStreet Shares:

- 142% premium to the VWAP of PearlStreet Shares of 31 cents for the five trading day period ending on 28 September 2009, the last trading day prior to the announcement of the Recapitalisation Proposal (which PearlStreet has announced is no longer proceeding);
- 134% premium to the VWAP for PearlStreet Shares of 32 cents for the 1 month period ending on 28 September 2009; and
- 159% premium to the VWAP for PearlStreet Shares of 29 cents for the 12 month period ending on 28 September 2009.

Campbell Brothers' all-cash Offer provides you with certainty of value for your PearlStreet Shares and you will incur no brokerage fee or stamp duty on the sale of your PearlStreet Shares to ALS.

The PearlStreet board unanimously recommends that you accept the Offer and each director of PearlStreet has indicated they will accept the Offer in respect of the shares they own or control, in the absence of a superior proposal.

Anthony Wooles, Managing Director of PearlStreet, who controls 46.2% of the issued capital of PearlStreet, has also indicated his intention to accept the Offer, in the absence of a superior proposal, and has granted Campbell Brothers binding options to buy up to 19.9% of PearlStreet Shares.

The Offer has limited conditions, including that Campbell Brothers receives acceptances for at least 90% of PearlStreet Shares.

We encourage you to read this bidder's statement in full for further details about the Offer. The Offer is open for your acceptance until 4.00pm (Perth time) on 14 December 2009, unless otherwise extended. If you wish to accept the Offer, please follow the instructions in this bidder's statement and the enclosed Acceptance Form.

If you have any questions about the Offer, please contact your legal, financial or other professional adviser, or call the Offer information line on 1300 825 208 (toll free) (within Australia) or +61 3 9415 4248 (normal charges apply) (outside of Australia). The Offer information line is open between 7.00am and 4.00pm (Perth time) during the Offer Period.

Yours sincerely

Geoff McGrath
Chairman
Campbell Brothers Limited

TO ACCEPT THE OFFER, SIMPLY FOLLOW THE INSTRUCTIONS ON THE ENCLOSED ACCEPTANCE FORM

Summary of the Offer and how to accept

This summary gives an overview of the Offer. You should read this document in full before deciding whether to accept the Offer.

The Offer	ALS is offering to acquire all PearlStreet Shares on issue on the Record Date and any PearlStreet Shares issued during the Offer Period as a result of the exercise of PearlStreet Options on issue as at the Record Date.
Offer Price	75 cents cash for each PearlStreet Share.
Conditions of the Offer	<p>The Offer is subject to the conditions in section 8.8 of this bidder's statement, including the following:</p> <ol style="list-style-type: none">1. the Campbell Brothers Group having relevant interests in 90% or more of all PearlStreet Shares;2. no material adverse change in PearlStreet's business, assets, liabilities, financial or trading position, profitability or prospects; and3. no Prescribed Occurrence occurs. <p>ALS may choose to waive any of these conditions in accordance with the terms of the Offer.</p>
Closing Date	The Offer is scheduled to close at 4.00pm AWST on 14 December 2009, unless the Offer Period is extended.
When you will be paid	<p>If you accept (and return any document required with your acceptance) and this Offer becomes or is declared unconditional, you will be paid on or before the earlier of:</p> <ul style="list-style-type: none">• the twenty-first day after the end of the Offer Period; and• one month after the later of your acceptance and the Offer becoming or being declared unconditional.
No brokerage	You will NOT pay brokerage on the sale of your PearlStreet Shares if you accept the Offer.
How to Accept	<p>Your acceptance must be received before the end of the Offer Period at 4.00pm AWST on 14 December 2009, unless the Offer Period is extended. Depending on the nature of your holding, you may accept the Offer in the following ways:</p> <p>CHES holding</p> <p>If your PearlStreet Shares are sponsored by a broker or other CHES Participant or if you are a broker or another CHES Participant:</p> <ul style="list-style-type: none">• complete the Acceptance Form in accordance with the instructions on the form and send it in the enclosed reply paid envelope; or• instruct your Controlling Participant to initiate acceptance of the Offer. <p>Issuer sponsored holding</p> <p>If your PearlStreet Shares are sponsored directly by PearlStreet:</p>

-
- complete the Acceptance Form in accordance with the instructions on the form; and
 - send it with all other documents required by the instructions on the Acceptance Form in the enclosed reply paid envelope.

Further Information

If you have any questions about how to accept the Offer, or the Offer generally, please call the Offer information line on 1300 825 208 (for callers within Australia) or +61 3 9415 4248 (for callers outside Australia). The Offer information line is open between 7.00am and 4.00pm AWST during the Offer Period.

Why you should accept this Offer

- 1. Campbell Brothers' Offer is unanimously recommended by the PearlStreet board in the absence of a superior proposal**
- 2. Campbell Brothers is offering a significant premium for your PearlStreet Shares**
- 3. The Offer Price for each PearlStreet Share is more than double the highest daily closing price of PearlStreet Shares in the 12 months prior to the announcement of the Recapitalisation Proposal**
- 4. The all-cash Offer provides you with certainty of value for your PearlStreet Shares**
- 5. The Offer allows you to sell your entire shareholding in PearlStreet, a stock which is otherwise very illiquid**
- 6. PearlStreet's share price is likely to fall in the absence of the Offer**

1. Campbell Brothers' Offer is unanimously recommended by the PearlStreet board

The PearlStreet board unanimously recommends PearlStreet Shareholders accept the Offer, in the absence of a superior proposal.

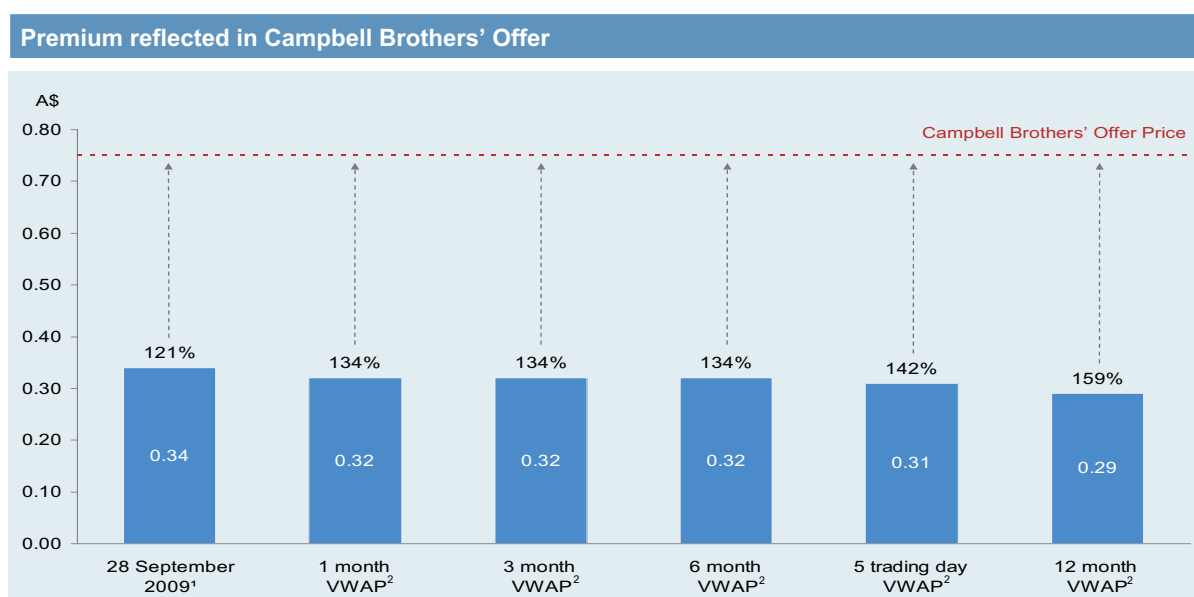
Each director of PearlStreet intends to accept the Offer in respect of the shares they own or control, in the absence of a superior proposal. In aggregate, the PearlStreet board owns or controls 51.7% of PearlStreet Shares.

Furthermore, Anthony Wooles, Managing Director of PearlStreet, who controls 46.2% of the issued capital of PearlStreet, also intends to accept the Offer, in the absence of a superior proposal, and has granted Campbell Brothers binding options to buy 19.9% of issued PearlStreet Shares at 27 October 2009, plus up to 19.9% of any subsequent increase in the issued share capital of PearlStreet.

2. Campbell Brothers is offering a significant premium for your PearlStreet Shares

Campbell Brothers is offering 100% cash consideration of 75 cents for each PearlStreet Share you own.

The chart below illustrates the premium reflected in the consideration of 75 cents for each PearlStreet Share offered by Campbell Brothers.



Source: Based on trading data prepared by IRESS Market Technology Limited. IRESS Market Technology Limited has not consented to the use of this trading data in this bidder's statement.

Note: Share prices and VWAPs rounded to 2 decimal places

¹ Closing price on 28 September 2009, the last trading day prior to the announcement of the Recapitalisation Proposal.

² The VWAP is for the nominated period to 28 September 2009.

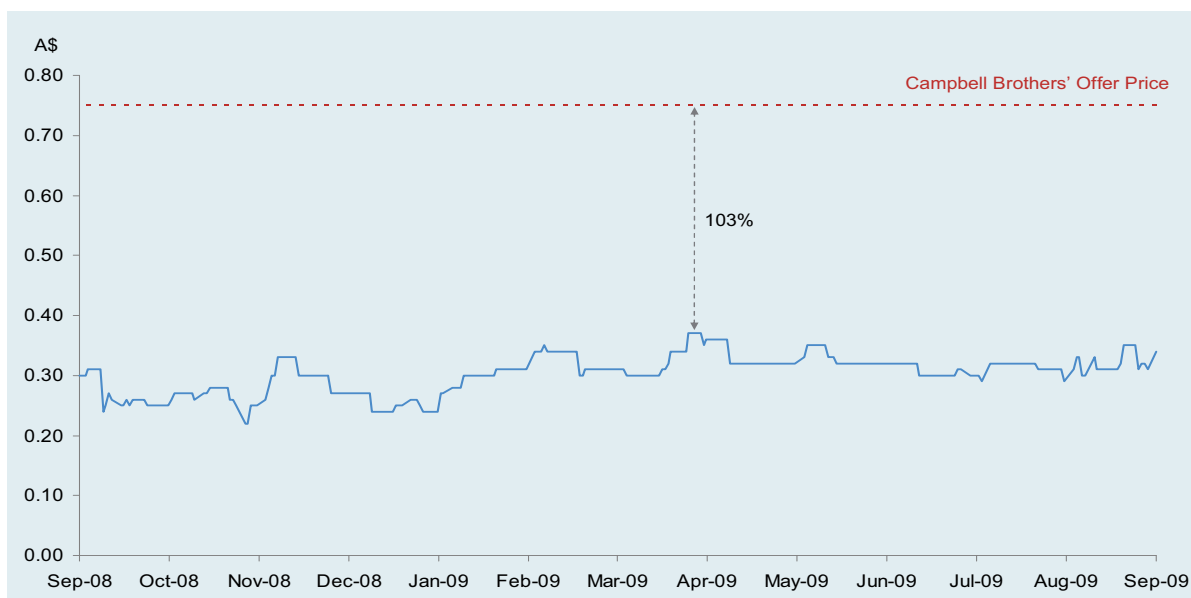
The Offer represents a P/E ratio of 23.4x based on FY2009 reported net profit after tax of \$3.0 million. On a normalised basis, the Offer represents a P/E ratio of 18.1x based on FY2009 underlying net profit after tax of \$3.9 million (after adding back one-off restructuring costs, an adverse revenue adjustment and the amortisation of customer intangibles).

If you are a PearlStreet Shareholder on 5 November 2009, you will be entitled to retain the final dividend for the financial year ending in 2009 of 1 cent per PearlStreet Share, which is fully franked.

3. The Offer Price for each PearlStreet Share is more than double the highest daily closing price of PearlStreet Shares in the 12 months prior to the announcement of the Recapitalisation Proposal

The Offer Price represents a premium of 103% over the highest closing price of PearlStreet Shares over the 12 month period to 28 September 2009 of 37 cents per share.

12 month closing share history versus Campbell Brothers' Offer



Source: Based trading data prepared by IRESS Market Technology Limited. IRESS Market Technology Limited has not consented to the use of this trading data in this bidder's statement.

4. The all-cash Offer provides you with certainty of value for your PearlStreet Shares

Campbell Brothers' all-cash Offer of 75 cents per PearlStreet Share provides you with certainty of value for your PearlStreet Shares (subject to the conditions being satisfied or waived).

In addition to the Offer Price, if you are a PearlStreet Shareholder on 5 November 2009, you will be entitled to retain the final dividend for the financial year ending in 2009 of 1 cent per PearlStreet Share, which is fully franked.

5. The Offer allows you to sell your entire shareholding in PearlStreet, a stock which is otherwise very illiquid

The Offer is a unique opportunity to exit your investment in PearlStreet Shares at a significant premium.

As an indication of the limited liquidity of PearlStreet Shares:

- PearlStreet shareholders with holdings greater than 5% as at 6 November 2009 held at least 54.9% of PearlStreet Shares on issue; and
- Only 5.7 million PearlStreet Shares were traded on the ASX during the 12 month period to 28 September 2009 (the last trading day prior to the announcement of the Recapitalisation Proposal). This represents less than 8% of the total number of PearlStreet Shares on issue as at 28 September 2009.

You will not incur any brokerage charges which may otherwise be incurred if you choose to sell your PearlStreet Shares on the ASX.

6. PearlStreet's share price is likely to fall in the absence of the Offer

As at the date of this bidder's statement, no other party has made an offer for all your PearlStreet Shares. While there are many factors that may influence the market price of PearlStreet Shares, there is a significant risk that PearlStreet's share price will fall below 75 cents if the Offer does not succeed and no other competing proposal is made for PearlStreet.

Key Questions

Set out below are summary answers to some key questions that PearlStreet Shareholders may have in relation to the Offer. This information is a summary only and should be read together with all sections of the bidder's statement.

Question	Answer
What is the Offer?	ALS is offering to acquire all of your PearlStreet Shares for 75 cents cash per PearlStreet Share.
Who is making the Offer?	ALS, a wholly owned subsidiary of Campbell Brothers.
What impact does the final dividend that PearlStreet has recently announced have on the Offer?	The Offer Price of 75 cents cash per PearlStreet Share will not be reduced as a result of the payment of the final dividend of 1 cent per PearlStreet Share that PearlStreet announced on 31 August 2009 for the financial year ended 30 June 2009.
What does the PearlStreet board recommend?	The PearlStreet board unanimously recommends that you accept the Offer in the absence of a superior Competing Proposal.
What does each director of PearlStreet intend to do in respect of their own PearlStreet Shares?	Each director of PearlStreet has indicated that they will accept the Offer in respect of the PearlStreet Shares they own or control in the absence of a superior Competing Proposal.
What does Anthony Wooles intend to do in respect of his PearlStreet Shares?	Anthony Wooles, the Managing Director of PearlStreet, controls 46.2% of the issued capital of PearlStreet and has indicated his intention to accept the Offer, in the absence of a superior Competing Proposal, and has granted Campbell Brothers binding options to buy 19.9% of issued PearlStreet Shares at 27 October 2009 plus up to 19.9% of any subsequent increase in the issued share capital of PearlStreet.
What are the conditions of the Offer?	<p>The Offer is subject to a limited number of conditions, including:</p> <ul style="list-style-type: none"> • Campbell Brothers Group having, before the end of the Offer Period, a relevant interest in at least 90% (by number) of all PearlStreet Shares then on issue. • none of the prescribed occurrences listed in section 652C of the Corporations Act occurs; and • no material adverse change occurring in relation to PearlStreet. <p>The conditions are set out in full in section 8.8 of this bidder's statement.</p>
When does the Offer close?	The Offer will close at 4.00pm AWST on 14 December 2009 , unless extended. If you wish to accept the Offer, you need to do so before the Offer closes.

Question	Answer
<p>How do I accept the Offer?</p>	<p>Please refer to the directions in section 8.4 as well as the instructions on the enclosed Acceptance Form.</p> <p>You may only accept the Offer for all your PearlStreet Shares. The effect of your acceptance is described in section 8.6 of this bidder's statement.</p>
<p>Does the Offer extend to my PearlStreet Options?</p>	<p>The Offer is limited to PearlStreet Shares.</p> <p>If you wish to participate in the Offer in respect of your PearlStreet Options, you will need to exercise your PearlStreet Options on or before the expiry date of 30 November 2009 and accept the Offer in respect of the PearlStreet Shares you are issued on the exercise of your PearlStreet Options.</p>
<p>If I accept the Offer, when will I be paid?</p>	<p>You will receive payment on or before the earlier of:</p> <ul style="list-style-type: none"> • one month after the date of your valid acceptance of the Offer or, if the Offer is subject to a condition when you accept, within one month after the Offer becomes unconditional; and • if the Offer becomes unconditional, 21 days after the end of the Offer Period. <p>Full details of when you will be paid are set out in section 8.2 of this bidder's statement.</p>
<p>What are the tax consequences of accepting the Offer?</p>	<p>A general outline of the taxation consequences of accepting the Offer are provided in section 7 of the bidder's statement.</p> <p>As the consequences of acceptance differ according to each PearlStreet Shareholder's individual circumstances, you are encouraged to seek specific independent tax advice before making any decision in relation to the Offer.</p>
<p>Will I incur any brokerage or stamp duty if I accept the Offer?</p>	<p>No, you will NOT incur any brokerage or stamp duty if you accept the Offer.</p>
<p>If I do not accept the Offer, can I be forced to sell my PearlStreet Shares?</p>	<p>You cannot be forced to sell your PearlStreet Shares unless ALS and its associates have a relevant interest in at least 90% of all PearlStreet Shares by the end of the Offer Period, and ALS proceeds to compulsorily acquire your PearlStreet Shares. If ALS satisfies the required thresholds for compulsory acquisition under the Corporations Act, it intends to compulsorily acquire any outstanding PearlStreet Shares.</p>

Question	Answer
<p>Can I withdraw my acceptance?</p>	<p>Your acceptance of the Offer is irrevocable once it has been given and can only be withdrawn in limited circumstances described in the Corporations Act.</p> <p>The effect of your acceptance is described in section 8.6 of this bidder's statement.</p>
<p>What if I have further inquiries in relation to the Offer?</p>	<p>If you have further inquiries in relation to the Offer, please call the Offer information line on 1300 825 208 (for callers within Australia) or +61 3 9415 4248 (for called outside Australia). The Offer information line is open between 7.00am and 4.00pm AWST during the Offer Period.</p> <p>Alternatively, you may contact your legal, financial or other professional adviser. Any further material information relating to the Offer will be lodged with the ASX.</p> <p>Further material information may also be the subject of a supplementary bidder's statement from ALS.</p>

1. About Campbell Brothers and ALS

1.1 Campbell Brothers

Campbell Brothers is a highly respected, successful and diversified services company providing state of the art analytical testing services internationally as well as commercial chemical and cleaning solutions throughout Australia and the Pacific and hospitality wares and distribution throughout Australia and New Zealand. Founded in 1863, it was listed in 1952 and now heads a global group which employs over 6,000 staff operating from 148 sites in 41 countries on six continents.

1.2 ALS Laboratory Group

ALS is a wholly owned subsidiary of Campbell Brothers. ALS is a global leader in the provision of analytical laboratory and technical services to international environmental, minerals, coal and tribology (used oil) markets. Other markets include food, microbiology, electronics, ecotoxicology, occupational health and air quality. It is one of the largest and most successful laboratory groups in the world, operating more than 136 laboratories in 40 countries and offering a broad range of inspection and analytical testing services.

2. About PearlStreet

2.1 PearlStreet

Perth based PearlStreet is the largest non destructive testing services provider in Australia. It provides testing, inspection, and asset care services to the energy, resources and infrastructure sectors. PearlStreet has over 500 employees across Australia, including engineers, scientists and technicians.

2.2 PearlStreet's issued capital

According to documents lodged by PearlStreet with ASX, PearlStreet has no other securities on issue apart from PearlStreet Shares and PearlStreet Options. The total number of securities is:

Class of security	Number on issue	Relevant interest of ALS in securities immediately before the Offer Date
PearlStreet Shares	82,485,455	18.2%
PearlStreet Options	11,398,133 ³	Nil

Immediately before the Offer Date, ALS held no PearlStreet Shares. However, ALS had entered into options in relation to 19.9% of issued PearlStreet Shares at 27 October 2009 plus up to 19.9% of any subsequent increase in the issued share capital of PearlStreet as described in section 3.1.

2.3 Voting power

As at the Offer Date, ALS' voting power in PearlStreet was 18.2%.

³ This is after the PearlStreet Options exercised prior to the date of the bidder's statement referred to in section 6.3(d).

3. Dealings by ALS in PearlStreet Shares

3.1 Consideration in previous four months

During the four months before the Offer Date, ALS and its associates did not acquire any PearlStreet Shares.

On 27 October 2009, ALS entered into two call options (**Option 1** and **Option 2**) with Anthony Wooles each in similar (but not identical) terms and each in respect of 9.95% of the issued PearlStreet Shares at 27 October 2009. Copies of the announcement by ALS to the ASX on 27 October 2009 announcing that ALS had acquired a substantial shareholding in PearlStreet and attaching the full text of Option 1 and Option 2 can be obtained by PearlStreet Shareholders without payment by contacting the Offer information line on 1300 825 208 (callers in Australia) or +61 3 9415 4248 (callers outside Australia). The Offer information line is open between 7.00am and 4.00pm AEST during the Offer Period.

Under each of Option 1 and Option 2:

- (a) ALS received an option to purchase 9.95% of issued PearlStreet Shares at 27 October 2009 plus up to 9.95% of any subsequent increase in the issued share capital of PearlStreet, from time to time, for a price of 75 cents cash per PearlStreet Share (**Call Option**).
- (b) Campbell Brothers has guaranteed the performance by ALS of its obligations to Anthony Wooles in respect of the Call Option.
- (c) ALS can only exercise a Call Option in conjunction with the other Call Option.
- (d) The Call Option will lapse on the earlier of the date on which the Call Option is terminated, the fifth Business Day after the end of the Offer Period or 31 January 2010.
- (e) Anthony Wooles has agreed not to dispose of the PearlStreet Shares covered by the Call Option while it remains current without the consent in writing of ALS, other than as permitted by the terms of the Call Option.
- (f) If ALS sells any PearlStreet Shares acquired on exercise of the Call Option into a Competing Proposal, or those PearlStreet Shares are cancelled under a Competing Proposal, then ALS must pay a fee to Anthony Wooles equal to 50% of the difference between the price per PearlStreet Share paid to Anthony Wooles and the value received per PearlStreet Share under the Competing Proposal.
- (g) Provided that the Call Option is exercised and ALS purchases the PearlStreet Shares covered by the Call Option from Anthony Wooles, Anthony Wooles has agreed to not engage in any business that is similar to, or in direct competition with, the testing, inspection and asset care services business conducted by PearlStreet in Australia for up to three years.

Additionally under Option 1 only:

- (h) Anthony Wooles may accept the Offer for the PearlStreet Shares covered by Option 1.
- (i) If Anthony Wooles accepts the Offer for the PearlStreet Shares covered by Option 1 then Option 1 will lapse on the later of the Offer becoming unconditional or failing to proceed because a condition of the Offer was not satisfied.

3.2 Benefits given, offered or agreed

During the four months before the Offer Date, neither ALS nor an associate gave, offered to give or agreed to give a benefit to another person that was likely to induce the other person or an associate to:

- (a) accept an Offer under the Bid; or
- (b) dispose of securities in the Bid class,

that was not offered to all holders of securities in the Bid class, other than as described in section 3.1.

4. How cash consideration will be provided

4.1 Cash required if all Offers accepted

If all the Offers are accepted, ALS will be obliged to pay approximately \$70,500,000 for PearlStreet Shares (assuming that all PearlStreet Options are exercised).

4.2 Source of funds

ALS will fund any cash consideration required to be paid to PearlStreet Shareholders using cash provided to it by Campbell Brothers.

4.3 Terms of Campbell Brothers funding

ALS has obtained an irrevocable and unconditional commitment from Campbell Brothers to ensure that ALS has sufficient funds to meet any payment obligations in relation to the Offers. The funds to be advanced to ALS pursuant to this commitment will be sourced from Campbell Brothers' cash reserves. On 1 October 2009, Campbell Brothers launched a fully underwritten one for six renounceable rights issue (**Rights Issue**) to raise approximately \$196.6 million. The Rights Issue closed on 2 November 2009 and was fully subscribed. The proceeds of the Rights Issue will be received by Campbell Brothers on 11 November 2009.

Amounts sourced from the Rights Issue proceeds which are at least equal to the maximum cash amount required to meet ALS' obligations with respect to the Offers (**Maximum Amount**) are available to Campbell Brothers to be advanced to ALS for use by ALS to satisfy its payment obligations under the Offer as and when they fall due. They are not required to meet any other obligations of Campbell Brothers. Campbell Brothers therefore has access to sufficient cash reserves to provide ALS with the funds needed to pay the Maximum Amount and to cover all transaction costs associated with the Offers.

5. Intentions of ALS regarding PearlStreet's business, assets and employees

5.1 Review of business activities

ALS has reviewed the information publicly released by PearlStreet in relation to its current activities and plans. During September 2009, PearlStreet also provided Campbell Brothers with certain non-public information about PearlStreet for the purposes of Campbell Brothers conducting a limited due diligence review of that information. However, ALS does not currently possess all material information necessary to assess the operational, commercial, taxation and financial implications of the integration of the ALS and PearlStreet businesses.

At the end of the Offer Period, Campbell Brothers intends to review PearlStreet's business in the light of additional material that it expects will then be available to finalise plans for the ongoing integration of the businesses of PearlStreet and ALS, and to determine whether other strategies are desirable, in addition to those referred to in section 5.2. The review will include a full evaluation of the performance, profitability and prospects of PearlStreet's businesses.

ALS expects the review to identify duplicated functions and overlapping activities. Where this impacts on PearlStreet's employees, ALS will, if feasible, seek to offer those employees redeployment to positions within the Campbell Brothers Group. If suitable alternative positions are not available and PearlStreet employees are instead made redundant, they will receive their statutory and contractual entitlements. ALS is not in a position to determine how many PearlStreet employees may be affected in this way or the nature or timing of any redundancies until it completes the detailed review referred to in this section 5.1.

ALS' intentions referred to in this section 5 have been formed with reference only to limited available information and without the benefit of any detailed review of PearlStreet's business. Final decisions will only be reached after the review referred to in this section 5.1, and in the light of all material facts and circumstances.

5.2 Continuation of business of PearlStreet

Subject to the review referred to in section 5.1, on the basis of information about PearlStreet known to the Campbell Brothers Group, if the Bid is successful ALS intends to:

- (a) preserve and grow the existing business of PearlStreet;
- (b) integrate the businesses of PearlStreet with the laboratory group operated by ALS;
- (c) make the technical and managerial skills of the Campbell Brothers Group available for the benefit of the combined PearlStreet and ALS businesses;
- (d) achieve synergies by eliminating duplicated functions arising as a result of the acquisition of PearlStreet such as head office costs;
- (e) continue to utilise and strengthen the PearlStreet businesses; and
- (f) continue to employ PearlStreet's present employees who are still employees at the end of the Offer Period or who have not given notice of resignation before the end of the Offer Period.

5.3 PearlStreet's board of directors

If the Bid is successful, then ALS will replace the board of PearlStreet with its own nominees. The nominees have not yet been identified.

5.4 Compulsory acquisition

If, by the end of the Offer Period, ALS becomes entitled to compulsorily acquire all outstanding PearlStreet Shares, ALS intends to:

- (a) acquire all PearlStreet Shares that were issued before ALS issues a compulsory acquisition notice in accordance with the Corporations Act, including PearlStreet Shares issued on the exercise of PearlStreet Options;
- (b) acquire securities that will become PearlStreet Shares due to the conversion of or exercise of rights attached to the securities within six weeks after ALS gives a compulsory acquisition notice in accordance with the Corporations Act;
- (c) delist PearlStreet Shares from quotation on ASX; and
- (d) carry out the other intentions set out in sections 5.1, 5.2 and 5.3.

5.5 Intentions upon acquisition of less than 90% of PearlStreet Shares

ALS reserves its right to declare the Offer free from the 90% minimum acceptance condition (and any other conditions) but has no present intention to do so. If ALS does waive this condition and does not acquire 90% or more of PearlStreet Shares then:

- (a) ALS will endeavour to implement its intentions as outlined in sections 5.1, 5.2 and 5.3 to the extent to which it is able to do so subject to the Corporations Act, the ASX Listing Rules and the legal obligations of the PearlStreet board to act in good faith in the best interests of PearlStreet and for proper purposes; and
- (b) if ALS becomes entitled at some later time to compulsorily acquire all outstanding PearlStreet Shares, ALS presently intends to exercise those rights.

The possible implications for PearlStreet Shareholders are outlined in section 6.4.

5.6 Statement of Current Intention

The statements contained in this section 5 are statements of current intention only and may vary as circumstances require depending, among other matters, on the outcome of the review referred to in section 5.1 and the outcome of the Bid.

6. Other material information

6.1 Bid Implementation Agreement

On 27 October 2009, Campbell Brothers and PearlStreet entered into a Bid Implementation Agreement in relation to the Bid. In summary, that agreement provides for the following:

Takeover offer

- (a) Campbell Brothers agrees that it, or another member of the Campbell Brothers Group, will make a takeover offer for PearlStreet on certain agreed terms, which are reflected in the terms and conditions set out in this bidder's statement; and
- (b) Campbell Brothers and PearlStreet have agreed to use reasonable endeavours to do all acts and things within their power to as may be necessary or desirable for the implementation and performance of the Bid.

Conduct of the business

- (c) PearlStreet has agreed to conduct its business in the usual and ordinary course during the Offer Period, and to consult with Campbell Brothers before entering into, materially amending or terminating any material contracts. PearlStreet will also keep Campbell Brothers informed of any major decisions made during the Offer Period.

Exclusivity arrangements

- (d) PearlStreet must not and must use its best endeavours to ensure that its directors and representatives do not, directly or indirectly:
 - (i) solicit or initiate any proposal or discussions by any person to make a Competing Proposal or communicate an intention to do any of those things;
 - (ii) knowingly encourage any proposal or discussions by any person to make a Competing Proposal;
 - (iii) participate in any negotiations or discussions or provide any information to any person with respect to any offer or proposal to make a Competing Proposal;
 - (iv) accept or enter into, or offer to accept or enter into, any agreement, arrangement or understanding regarding a Competing Proposal; or
 - (v) disclose any information about the business or affairs of PearlStreet to a third party (other than a government agency) other than:
 - (A) in the ordinary course of ordinary business; or
 - (B) as required by law; or
 - (C) under PearlStreet's existing contractual obligations; or
 - (D) in the ordinary course of making normal presentations to brokers, portfolio investors and analysts.

However, paragraphs (iii), (iv) and (v) set out above do not apply if compliance with the relevant paragraph would, in the opinion of the PearlStreet board reasonably formed in good faith, be likely to constitute a breach of any of the duties of the PearlStreet directors and provided that PearlStreet gives Campbell Brothers not less than 72 hours to match any Competing Proposal.

- (e) PearlStreet and its directors and representatives must cease any existing discussions or negotiations relating to:
 - (i) any Competing Proposal (including the Recapitalisation Proposal); or
 - (ii) any transaction that may reduce the likelihood of the success of the Offer.
- (f) PearlStreet agrees that it will release Campbell Brothers from its standstill or other restrictions to the extent necessary to allow Campbell Brothers to make the Offer.
- (g) PearlStreet must immediately notify Campbell Brothers in writing of:
 - (i) any approach, inquiry or proposal made to PearlStreet or its directors or representatives, regarding a potential Competing Proposal; and
 - (ii) any request for information relating to PearlStreet or any of its businesses or operations which PearlStreet has reasonable grounds to suspect may relate to a Competing Proposal,

unless to do so would, in the opinion of the PearlStreet board reasonably formed in good faith, be likely to constitute a breach of any of the duties of the PearlStreet directors.

- (h) PearlStreet will not be obliged to comply with the exclusivity arrangements to the extent that a court or the Takeovers Panel determines that they:
 - (i) constitute a breach of duty by the PearlStreet board or PearlStreet; or
 - (ii) constitute unacceptable circumstances within the meaning of the Corporations Act; or
 - (iii) would be unlawful for any other reason.
- (i) In any event, PearlStreet's obligations under the exclusivity arrangements cease if:
 - (i) Campbell Brothers withdraws the Offer; or
 - (ii) the Offer closes without satisfying any of the conditions in section 7.8(a).

Break fees

- (j) PearlStreet must pay Campbell Brothers a break fee of \$700,000 (excluding GST) if at any time after 27 October 2009:
 - (i) any PearlStreet director withdraws or changes their recommendation that PearlStreet Shareholders accept the Offer, including due to the directors or any of them recommending a superior Competing Proposal;
 - (ii) a condition of the Offer is breached or not fulfilled and this is materially contributed to by any action or inaction of PearlStreet;
 - (iii) PearlStreet is in material breach of any of its obligations under the Bid Implementation Agreement and, to the extent that the breach is capable of remedy, that breach is not remedied by PearlStreet within 10 business days of receiving written notice from Campbell Brothers identifying the breach;

- (iv) PearlStreet is in material breach of any of the representations and warranties provided by it under the Bid Implementation Agreement; or
- (v) the proponent of a Competing Proposal acquires voting power of more than 10% in PearlStreet including some or all of the shares owned or controlled by a PearlStreet director.

If PearlStreet is obliged to pay the break fee, it must do so within five business days of receipt of a demand from Campbell Brothers for the payment of that fee.

- (k) To the extent that a court or the Takeovers Panel determines that any obligation of PearlStreet:
 - (i) constituted, constitute or would constitute, a breach of the fiduciary duties or statutory duties of a PearlStreet director; or
 - (ii) constituted, constitute or would constitute, unacceptable circumstances within the meaning of the Corporations Act; or
 - (iii) was, is or would be, unlawful for any other reason,
 PearlStreet will not be required to pay the break fee.

Conditions

- (l) Both parties agree not to do or omit to do anything which will, or is likely to result in any of the conditions of the Offer being breached.

Length of Offer Period

- (m) The parties have agreed that the length of the Offer Period will not exceed, in aggregate, six months.

Warranties

- (n) The Bid Implementation Agreement contains representations and warranties by PearlStreet and Campbell Brothers that are typical for an agreement of its nature. These include general corporate warranties by both parties and:
 - (i) a warranty by PearlStreet in relation to the accuracy of due diligence information given to Campbell Brothers; and
 - (ii) a warranty by Campbell Brothers in relation to its capacity to pay the consideration under the Offer.

Termination

- (o) Prior to the expiry of the Offer Period, the Bid Implementation Agreement may be terminated by notice:
 - (i) by either party, if the other party is in material breach of the agreement and, to the extent that the breach is capable of remedy, that breach is not remedied within 10 Business Days of receipt of the first party's notice of the details of the breach and its intention to terminate;
 - (ii) by either party, if a representation or warranty given by the other party under the agreement is or becomes untrue in any material respect;
 - (iii) by either party, if a court or government agency has issued an order, decree or ruling or taken other action which permanently restrains or prohibits the Offers

and such action is final and cannot be appealed or the party, acting reasonably, believes there is no realistic prospects of a successful appeal;

- (iv) by either party, if ALS withdraws the Offer for any reason including non-satisfaction of an Offer condition;
- (v) by ALS, if any PearlStreet director changes his or her positive recommendation in relation to the Offer; or
- (vi) by PearlStreet, if all PearlStreet directors withdraw their positive recommendation in relation to the Offer and instead recommend a superior Competing Proposal provided that PearlStreet is not in breach of the agreement and has paid the break fee.

6.2 Agreements with PearlStreet directors

Aside from the option agreements entered into by ALS and Anthony Wooles described in section 3.1 above, there are no agreements between any member of the Campbell Brothers Group and a director or another officer of PearlStreet in connection with or conditional on the outcome of the Bid.

6.3 Financial position of PearlStreet

So far as the Campbell Brothers Group is aware, there has not been a material change in the financial position of PearlStreet since 30 June 2009 (the date of the statement of financial position in PearlStreet's 2009 Annual Report and financial statements for the financial year ended 30 June 2009 lodged with ASX on 31 August 2009), except:

- (a) PearlStreet announced a dividend of 1 cent per PearlStreet Share on 31 August 2009;
- (b) PearlStreet announced on 22 September 2009 that it had secured a new three year contract with Alcoa of Australia for the provision of monitoring, testing and inspection services commencing mid September with anticipated annual contract revenue of approximately \$8.5 million;
- (c) PearlStreet became liable pursuant to an earlier agreement with Catalyst Investment Managers Pty Ltd to pay up to a maximum of \$910,000 of the externally invoiced costs incurred by Catalyst Investment Managers Pty Ltd in pursuing the Recapitalisation Proposal because the PearlStreet board withdrew its recommendation of the Recapitalisation Proposal; and
- (d) as at the Offer Date, 7,377,999 of the PearlStreet Options had been exercised.

6.4 Implications if ALS acquires less than 90% of the PearlStreet Shares

If ALS waives the minimum acceptance condition (see section 8.8(a)(i)) and any other condition of the Offer which is not satisfied and does not acquire a relevant interest in at least 90% of the PearlStreet Shares (so that ALS is not entitled to compulsorily acquire all outstanding PearlStreet Shares as set out in section 5.4), ALS may nevertheless acquire sufficient PearlStreet Shares to give ALS control of PearlStreet.

In such a circumstance PearlStreet Shareholders who do not accept the Offer may remain as minority shareholders of PearlStreet. Possible consequences of this are:

- liquidity of PearlStreet Shares may be lower than at present;
- ALS may be able to control the composition of the PearlStreet board and the management of PearlStreet as well as the strategic direction of PearlStreet's businesses; and
- if the Campbell Brothers Group holds 75% or more of the PearlStreet Shares, this will enable it to pass a special resolution which could involve changing the constitution of PearlStreet.

6.5 PearlStreet's ASX announcements

PearlStreet is a disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosing regimes.

ASX maintains files containing publicly disclosed information about listed companies. Since lodgement of PearlStreet's 2009 Annual Report and financial statements for the financial year ended 30 June 2009 with ASX on 31 August 2009 to the date of this bidder's statement, PearlStreet has made the following announcements:

09/11/2009	Change in substantial holding from CPB
06/11/2009	Appendix 3B – 5 November 2009
04/11/2009	Appendix 3B
02/11/2009	Notice of Exercise of Options (PSTO)
02/11/2009	Letter to Shareholders re Bonus Options
29/10/2009	Appendix 3B
28/10/2009	Results of Meeting
28/10/2009	PearlStreet AGM 2009 Chairman and MD Presentation
27/10/2009	Becoming a substantial holder - Form 603 from Campbell Brothers
27/10/2009	Campbell Brothers: Campbell Brothers and PearlStreet agree takeover offer
27/10/2009	Campbell Brothers and PearlStreet agree takeover offer
23/10/2009	Appendix 3B
19/10/2009	Notice of Annual General Meeting/Proxy Form
13/10/2009	Update Regarding Recapitalisation Proposal
12/10/2009	Trading Halt
01/10/2009	PearlStreet Rejects Proposed Campbell Brothers Offer
01/10/2009	Campbell Brothers: Intention to Make Takeover Bid for PearlStreet
29/09/2009	Private Equity to Invest over \$23M in PearlStreet
22/09/2009	Alcoa of Australia – New 3 Year Contract
31/08/2009	PearlStreet Open Briefing Managing Director A Wooles
31/08/2009	Dividend Details
31/08/2009	Full Year Statutory Accounts

Copies of these announcements can be obtained from the ASX website www.asx.com.au (Ref PST). ALS will provide to any person who requests it during the Offer Period a copy of any continuous disclosure notice given to ASX by PearlStreet after 31 August 2009 and before lodgement of this bidder's statement with ASX or any other continuous disclosure notice referred to in this bidder's statement.

6.6 Implication of Offer on PearlStreet Options

The Offer extends to PearlStreet Shares that are issued on the exercise of PearlStreet Options during the period to the end of the Offer Period.

6.7 Record Date

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) of the Corporations Act is the Record Date.

6.8 Consents

This bidder's statement contains statements made by, or statements stated in this bidder's statement to be based on statements made by, Campbell Brothers. Campbell Brothers has given, before the date of this bidder's statement, and has not withdrawn, its consent to the inclusion of such statements in the form and context in which they appear.

J.P. Morgan Australia Limited has given, before the date of this bidder's statement, and has not withdrawn, its consent to be named in this bidder's statement as financial adviser to the Bid. J.P. Morgan Australia Limited takes no responsibility for any part of this bidder's statement, including (without limitation) any information in relation to taxation matters, other than any reference to its name.

Minter Ellison has given, before the date of this bidder's statement, and has not withdrawn, its consent to be named in this bidder's statement as legal adviser to the Bid. Minter Ellison takes no responsibility for any part of this bidder's statement, including (without limitation) any information in relation to taxation matters, other than any reference to its name.

Computershare Investor Services Pty Limited has given, before the date of this bidder's statement, and has not withdrawn, its consent to be named in this bidder's statement as share registry for the Bid. Computershare Investor Services Pty Limited takes no responsibility for any part of this bidder's statement other than any reference to its name.

This bidder's statement also includes statements which are made in, or based on statements made in, documents lodged with ASIC or on the company announcements platform of the ASX (including by PearlStreet). Under the terms of ASIC Class Order 01/1543, the parties making these statements are not required to consent to, and have not consented to, the inclusion of those statements in the bidder's statement. Copies of any of these documents will be supplied by ALS upon request.

In addition, and as permitted by ASIC Class Order 07/429, this bidder's statement contains ASX share price trading information prepared by IRESS Market Technology Limited without its consent.

6.9 Information about PearlStreet

PearlStreet is listed on ASX and is obliged to comply with the continuous disclosure requirements of ASX. A substantial amount of information about PearlStreet has been disclosed to ASX and is available through the announcements page of ASX at www.asx.com.au. Some of that material is referred to in section 6.5 of this bidder's statement.

During September 2009, PearlStreet provided Campbell Brothers with access to certain non-public information about PearlStreet and to certain PearlStreet employees under the terms of a confidentiality agreement for the purposes of Campbell Brothers conducting a limited due diligence review of that information. Except as disclosed in this bidder's statement, none of that information is, in the opinion of ALS, material to a decision by a PearlStreet Shareholder whether or not to accept the Offer.

Information about PearlStreet in this bidder's statement is based on those sources and has not been independently verified. Neither ALS nor Campbell Brothers makes any representation or warranty as to the accuracy or completeness of any information in this bidder's statement about PearlStreet.

Please note that the Corporations Act only requires information disclosed by a bidder to be as up-to-date as it is reasonable to expect in the circumstances. Further, ALS does not have to disclose

information if it would be unreasonable to require ALS to do so because the information had previously been disclosed to PearlStreet Shareholders.

6.10 Broker handling fee

ALS may, at its discretion, offer to pay a handling fee to any broker who can demonstrate that they have initiated acceptances of Offers from their clients. Any handling fee payments will be paid only in respect of parcels of PearlStreet Shares held by a PearlStreet Shareholder who is not a broker or an associate of a broker (determined at the discretion of ALS). In the event a handling fee is paid, it will not exceed 0.75% of the value of the parcels of PearlStreet Shares held by any PearlStreet Shareholders who accept the Offer and will be subject to minimum payments (not less than \$50) and maximum payments (not more than \$200) for each acceptance.

If a handling fee is offered, it will be payable to brokers only and subject to the condition that no part of the fee will be able to be passed on or paid to PearlStreet Shareholders. It is ALS' intention that, if an offer of a handling fee has been made to any broker by ALS, the handling fee arrangement will remain in place for the balance of the Offer Period and the amount of the handling fee offered will not be increased for the balance of the Offer Period.

7. Tax Considerations

7.1 Introduction

The following is a general description of the Australian income and capital gains tax consequences to PearlStreet Shareholders on disposing of their PearlStreet Shares (through acceptance of the Offer) in return for cash consideration. The comments set out below are relevant only to those PearlStreet Shareholders who hold their PearlStreet Shares on capital account. These comments relate to PearlStreet Shares only, and not to PearlStreet Options or other rights held over PearlStreet Shares.

Certain PearlStreet Shareholders (such as those engaged in a business of trading or investment, those who acquired their PearlStreet Shares for the purpose of resale at a profit or those which are banks, insurance companies, tax exempt organisations, superannuation funds, persons who are temporary residents for Australian tax purposes or persons who acquire their PearlStreet Shares in respect of their employment with PearlStreet) will or may be subject to special or different tax consequences peculiar to their circumstances.

PearlStreet Shareholders who are not resident in Australia for tax purposes should also take into account the tax consequences, under the laws of their country of residence, as well as under Australian law, of the disposal of their PearlStreet Shares under the Offer.

The following description is based upon taxation law and practice in effect as at the date of this bidder's statement. It is not intended to be an authoritative or complete statement or analysis of the taxation laws applicable to the particular circumstances of every PearlStreet Shareholder. PearlStreet Shareholders should seek independent professional advice regarding the taxation consequences of disposing of their PearlStreet Shares in the light of their own particular circumstances.

7.2 Australian resident PearlStreet Shareholders

Acceptance of the Offer will involve the disposal by PearlStreet Shareholders of their PearlStreet Shares, by way of transfer to ALS. The disposal of PearlStreet Shares will constitute a 'CGT event' for CGT purposes.

Australian resident PearlStreet Shareholders may make a capital gain or capital loss on the disposal of their PearlStreet Shares under the Offer.

Capital gains and capital losses of a taxpayer in a year of income are aggregated to determine whether there is a net capital gain. The net capital gain, after applying any carried forward capital losses, is included in the taxpayer's assessable income and is subject to income tax. The 'CGT

'Discount' may be available to reduce the taxable gain for certain PearlStreet Shareholders (see further below).

Where a taxpayer generates a capital loss, those capital losses may only be offset against capital gains realised in the same income year or be carried forward to be offset against future capital gains.

A capital gain will arise if the capital proceeds (the amount of cash received as consideration for PearlStreet Shares) exceed the CGT cost base of the PearlStreet Shares. A capital loss will arise where the capital proceeds are less than the reduced cost base of the PearlStreet Shares.

The cost base of PearlStreet Shares is generally their cost of acquisition or deemed cost of acquisition. Certain other amounts associated with acquisition and disposal, such as brokerage or stamp duty, may be added to the cost base.

A PearlStreet Shareholder who is an individual, complying superannuation entity or trustee of a trust, may claim a 'CGT Discount' if they acquired (or are deemed to have acquired) their PearlStreet Shares 12 months or more before the time they accept the Offer (for example, as a result of the exercise of PearlStreet Options more than 12 months prior to acceptance). This means that:

- in the case of an individual and a trust, only one-half of their net capital gain on those shares (after deducting available capital losses) will be taxable; and
- in the case of a complying superannuation entity, only two-thirds of their net capital gain on those shares (after deducting available capital losses) will be taxable.

No 'CGT Discount' is available for companies.

In relation to PearlStreet Shareholders that are trusts, where no beneficiaries are presently entitled to the net income of the trust, the trustee will be assessable on the net income of the trust, which will generally include the full amount of any capital gain in respect of the disposal of PearlStreet Shares.

Where beneficiaries are presently entitled and the net capital gain for the trust has been determined with the benefit of the 50% discount (refer above), upon distribution by the trustee the net capital gain would be grossed up to 100% in the hands of beneficiaries. Beneficiaries that are individuals or complying superannuation funds should then be entitled to the 50% 'CGT Discount' for individuals and 33.33% CGT Discount for complying superannuation funds in respect of the disposal of the PearlStreet Shares by the trust. Beneficiaries that are companies are not entitled to the 'CGT Discount'.

PearlStreet Shareholders that are trusts should obtain specific tax advice as to whether they are entitled to obtain the benefit of the 50% CGT Discount and in relation to the tax consequences of distributions attributable to discounted capital gains.

7.3 Non-Australian resident PearlStreet Shareholders

(a) Disposal of PearlStreet Shares held on revenue account

Gains or losses realised by shareholders that hold their shares on revenue account may be assessable or deductible as ordinary income if the income has an Australian source, subject to the provisions of any relevant Double Tax Agreement between Australia and the country of residence of the shareholder.

(b) CGT on disposal of PearlStreet Shares

Generally, a PearlStreet Shareholder who is not a resident for Australian tax purposes and who holds their PearlStreet Shares on capital account, will not be subject to CGT on the disposal of their PearlStreet Shares unless, broadly:

- (i) that shareholder, (either alone or together with its associates) owned or had an option or right to acquire, at the time of disposal or for any continuous 12 month period within two years preceding the disposal, 10% or more of PearlStreet Shares during the 2 years immediately preceding the disposal; and
- (ii) more than 50% of PearlStreet's assets (calculated by value) are direct or indirect interests in taxable Australian real property.

A shareholder that satisfies these criteria may be affected by any Double Tax Agreement between Australia and the PearlStreet Shareholder's country of residence.

7.4 Stamp duty and GST

ALS will pay the stamp duty (if any) payable in Australia on the transfers of PearlStreet Shares under the Offer. No GST will be payable on such transfers, except that GST will be payable on any fees or charges that a Controlling Participant (in respect of PearlStreet Shares in a CHESS Holding) or a broker, bank, custodian or other nominee (in respect of PearlStreet Shares held for a separate beneficial owner) may charge in connection with acceptance of the Offer.

8. Terms of the Offer

8.1 Offer

- (a) ALS offers to acquire, on the terms and subject to the conditions of this Offer, all PearlStreet Shares held by you (including PearlStreet Shares issued following the exercise of PearlStreet Options) and all Rights attaching to them.
- (b) An Offer in the same form and with the same date is being made to and will be sent to each registered holder of PearlStreet Shares at 4.00pm AWST on the Record Date.
- (c) This Offer is dated 12 November 2009, being the date on which the first of the Offers are sent to the persons referred to in section 8.1(b).
- (d) The Offers will remain open for the period:
 - (i) starting on the Offer Date; and
 - (ii) ending at 4.00pm AWST on 14 December 2009,
 unless this period is extended or the Offers are withdrawn in accordance with the Corporations Act. Under the Bid Implementation Agreement, the maximum aggregate length of the Offer Period is six months.
- (e) Each of the Offers is subject to the conditions in section 8.8.
- (f) If you have sold some or all of your PearlStreet Shares when this Offer is made to you, or sell some or all of your PearlStreet Shares during the Offer Period, please refer to section 8.5(a).
- (g) If you are a trustee or nominee of some or all of your PearlStreet Shares, please refer to section 8.5(b).

8.2 Price

- (a) The amount offered for each of your PearlStreet Shares is 75 cents cash.
- (b) If the Acceptance Form does not require you to give another document for your acceptance, ALS will pay you for your PearlStreet Shares on or before the earlier of:
 - (i) 21 days after the Offer Period; or
 - (ii) one month after the later of:
 - (A) the date this Offer is accepted by you; or

- (B) if this Offer is subject to a defeating condition, the date the contract resulting from your acceptance of this Offer becomes or is declared unconditional.
- (c) If the Acceptance Form requires another document to be given for your acceptance (like a power of attorney):
 - (i) if the document is given with your acceptance, ALS will pay you according to section 8.2(b); or
 - (ii) if the document is given after your acceptance and before the end of the Offer Period and, at the time ALS is given the document, the contract resulting from your acceptance of this Offer is subject to a defeating condition, ALS will pay you on or before the earlier of:
 - (A) one month after the contract resulting from your acceptance of this Offer becomes or is declared unconditional; or
 - (B) 21 days after the end of the Offer Period; or
 - (iii) if the document is given after your acceptance and before the end of the Offer Period and, at the time ALS is given the document, the contract resulting from your acceptance of this Offer is unconditional, ALS will pay you on or before the earlier of:
 - (A) one month after ALS is given the document; or
 - (B) 21 days after the end of the Offer Period; or
 - (iv) if the document is given after your acceptance and after the end of the Offer Period and, at the time ALS is given the document, the contract resulting from your acceptance of this Offer is unconditional, ALS will pay you on or before 21 days after ALS is given the document; or
 - (v) if the document is given after your acceptance and after the end of the Offer Period and, at the time the ALS is given the document, the contract resulting from your acceptance of this Offer is subject to a defeating condition that relates only to the happening of a Prescribed Occurrence, ALS will pay you on or before 21 days after the contract becomes unconditional.
- (d) Payment will be by cheque in Australian currency. The cheque will be sent to you at your address stated on the copy of the PearlStreet share register maintained by ALS and updated from time to time by PearlStreet.
- (e) ALS may avoid a contract between ALS and you if ALS has not been given a document required in the Acceptance Form within one month after the end of the Offer Period.

8.3 Certain overseas residents

If at the time you accept this Offer, or at the time the consideration is provided under it, you are a resident in or a resident of a place, or you are a person to whom or to whose assets:

- (a) the *Banking (Foreign Exchange) Regulations 1959* (Cth) or any instrument issued under those regulations;
- (b) any regulations made under the *Charter of the United Nations Act 1945* (Cth), including the *Charter of United Nations (Dealing with Assets) Regulations 2008* (Cth); or
- (c) any other law of Australia or elsewhere that would make it unlawful for ALS to provide consideration for your PearlStreet Shares,

apply, then your acceptance of this Offer does not create or transfer to you any right (including any contractual or contingent right) to receive payment under this Offer unless and until all requisite authorities and clearances have been obtained by you.

8.4 How to accept

- (a) Subject to section 8.5(b), you may only accept this Offer during the Offer Period for all of the PearlStreet Shares you hold as at the date of your acceptance.
- (b) If your PearlStreet Shares are in a CHESS Holding and you are not a broker or another CHESS Participant, you may:
 - (i) instruct your Controlling Participant to initiate acceptance of this Offer for your PearlStreet Shares in accordance with Rule 14.14 of the ASTC Settlement Rules before the end of the Offer Period (4.00pm AWST on 14 December 2009, unless the Offer Period is extended); or
 - (ii) authorise ALS to instruct your Controlling Participant on your behalf to initiate acceptance of this Offer in accordance with Rule 14.14 of the ASTC Settlement Rules, by completing, signing and returning the enclosed Acceptance Form in accordance with the instructions on it. The Acceptance Form must be received at the address stated on it in sufficient time before the end of the Offer Period (4.00pm AWST on 14 December 2009, unless the Offer Period is extended) so that your Controlling Participant can accept the Offer before that time.

Your PearlStreet Shares are in a CHESS Holding if they are sponsored by a broker or other CHESS Participant.

- (c) If your PearlStreet Shares are in a CHESS Holding and you are a CHESS participant, acceptance of this Offer may be initiated in accordance with Rule 14.14 of the ASTC Settlement Rules before the end of the Offer Period (4.00pm AWST on 14 December 2009, unless the Offer Period is extended).
- (d) If you hold PearlStreet Shares that are not in a CHESS Holding, to accept this Offer you must:
 - (i) complete and sign the Acceptance Form in accordance with the instructions on it; and
 - (ii) send it, and all other documents required by the instructions on the Acceptance Form, so that they are received before the end of the Offer Period (4.00pm AWST on 14 December 2009, unless the Offer Period is extended) at the address stated on the Acceptance Form.

A reply paid return addressed envelope is enclosed for your use.

- (e) At any time before the end of the Offer Period, ALS may in its absolute discretion waive all or any of the requirements set out in the Acceptance Form, but you will not be paid until:
 - (i) an irregularity has been resolved; and
 - (ii) any another document required to enable ALS to be registered as the holder of your PearlStreet Shares has been given to ALS.

8.5 Application of this Offer

- (a) If, when this Offer is made to you, or at any time during the Offer Period, another person is registered as the holder of some or all of your PearlStreet Shares (**Transferred Shares**) then ALS will be taken to have:
 - (i) made to the other person a corresponding offer for the Transferred Shares;
 - (ii) made you a corresponding offer for your PearlStreet Shares except the Transferred Shares; and
 - (iii) withdrawn this Offer.

- (b) If at any time during the Offer Period you are a trustee for or nominee of two or more persons or your PearlStreet Shares for some other reason consist of two or more distinct portions within the meaning of section 653B of the Corporations Act, then:
 - (i) a separate Offer will be taken to have been made to you in relation to each of the distinct portions of your PearlStreet Shares; and
 - (ii) an acceptance by you of the Offer for a distinct portion of your PearlStreet Shares will be ineffective unless:
 - (A) you have given ALS a notice, delivered in accordance with section 8.5(c), stating that your PearlStreet Shares consist of distinct portions; and
 - (B) your acceptance specifies the number of PearlStreet Shares in the distinct portions to which the acceptance relates.
- (c) A notice in accordance with section 8.5(b)(ii) must:
 - (i) if it relates to PearlStreet Shares held in certificated form, be in writing; or
 - (ii) if it relates to PearlStreet Shares in a CHESS Holding, be in an electronic form approved under the ASTC Settlement Rules.

8.6 Effect of acceptance

By initiating acceptance of this Offer through CHESS in accordance with section 8.4(b), or signing and ALS receiving an Acceptance Form in accordance with sections 8.4(b) or 8.4(d), you will have:

- (a) accepted this Offer (and each variation of this Offer (if any) permitted under Part 6.6 of the Corporations Act) for all of the PearlStreet Shares held by you at the date of your acceptance;
- (b) subject to this Offer being declared free from the conditions in section 8.8(a) (or those conditions being fulfilled), agreed to transfer your PearlStreet Shares to ALS;
- (c) represented and warranted to ALS that:
 - (i) your PearlStreet Shares are and will on registration be fully paid up and free from all mortgages, charges, liens and other encumbrances and restrictions on transfer of any kind; and
 - (ii) you have full power and capacity to sell and transfer your PearlStreet Shares;
- (d) irrevocably authorised ALS (by its servants or agents) to complete the Acceptance Form on your behalf, correct details of your PearlStreet Shares, fill in any blanks remaining on the Acceptance Form and rectify an error in or omission from the Acceptance Form necessary to make the Acceptance Form an effective acceptance of this Offer;
- (e) if any of your PearlStreet Shares are held in a CHESS subregister and you have signed an Acceptance Form for them, authorised ALS (by its servants or agents) to:
 - (i) instruct your Controlling Participant to initiate acceptance of this Offer for those PearlStreet Shares in accordance with the ASTC Settlement Rules; and
 - (ii) give any other instructions in relation to those PearlStreet Shares to your Controlling Participant on your behalf under the Sponsorship Agreement between you and the Controlling Participant;
- (f) irrevocably appointed ALS and its directors, secretaries and officers jointly and each of them severally as your attorney, with effect from the date this Offer or any contract resulting from the acceptance of this Offer is declared free from all its conditions or those conditions are fulfilled, with power to exercise the powers and rights which you could lawfully exercise as the registered holder of your PearlStreet Shares including:

- (i) attending and voting at a meeting of PearlStreet;
- (ii) demanding a poll for a vote taken at or proposing or seconding a resolution to be considered at a meeting of PearlStreet;
- (iii) requisitioning a meeting of PearlStreet;
- (iv) signing any form, notice or instrument relating to your PearlStreet Shares; and
- (v) doing all things incidental and ancillary to any of sections 8.6(f)(i) to (iv);

and you acknowledge and agree that the attorney may exercise those powers in the interests of ALS as the intended registered holder of your PearlStreet Shares;

- (g) irrevocably authorised and directed PearlStreet to pay or account to ALS for all Rights other than the dividend of 1 cent per PearlStreet Share referred to in section 6.3(a), subject to ALS accounting to you for any Rights received by it if this Offer is withdrawn or the contract resulting from your acceptance of this Offer is rescinded under section 8.8(c) or is rendered void under section 8.8(f); and
- (h) except where Rights have been paid or accounted for under section 8.6(g), irrevocably authorised ALS to deduct from the consideration payable for your PearlStreet Shares, the amount or value of all Rights under section 8.7.

Once you have accepted this Offer, you will be unable to revoke your acceptance, the contract resulting from your acceptance will be binding on you and you will be unable to withdraw your PearlStreet Shares from the Offer or otherwise dispose of your PearlStreet Shares unless:

- (i) the Offer lapses because at least one of the conditions in section 8.8(a) is not freed or fulfilled by the end of the Offer Period; or
- (j) ALS varies the Offer (while it remains subject to conditions) in a way that postpones, for more than a month, the time when ALS needs to meet its obligations under the Offer.

8.7 Dividends and other entitlements

- (a) Other than the dividend of 1 cent per PearlStreet Share referred to in section 6.3(a), if any cash Rights are declared, paid, made, arise or accrue to you as the holder of your PearlStreet Shares, ALS may reduce the price specified in section 8.2(a) by the amount of the Rights, unless the benefit of the Rights is passed to ALS under section 8.6(g).
- (b) If any non-cash Rights are issued, made, arise or accrue to you as the holder of your PearlStreet Shares, ALS may reduce the price specified in section 8.2(a) by the value (as reasonably determined by ALS) of the non-cash Rights, unless the benefit of the Rights is passed on to ALS under section 8.6(g).

8.8 Conditions of the Offer

- (a) Subject to section 8.8(b), this Offer and a contract resulting from your acceptance of this Offer is subject to the following conditions:

- (i) **Minimum acceptance condition**

Before the end of the Offer Period the Campbell Brothers Group have relevant interests in at least 90% (by number) of all the PearlStreet Shares then on issue.

- (ii) **Material adverse effect**

During and at the end of the Offer Period (each inclusive), no event, matter, change or condition occurs, is announced or becomes known to ALS (whether or not it becomes public) where the event, matter, change or condition has had or could reasonably be expected to have, a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of PearlStreet taken as a whole.

(iii) **Prescribed Occurrences**

During the period from 1 October 2009 to the end of the Offer Period (each inclusive), none of the following occurrences (being the prescribed occurrences listed in section 652C of the Corporations Act) happens:

- (A) PearlStreet converts all or any of its shares into a larger or smaller number of shares under section 254H of the Corporations Act;
 - (B) PearlStreet or any member of the PearlStreet Group resolves to reduce its share capital in any way;
 - (C) PearlStreet or any member of the PearlStreet Group enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
 - (D) PearlStreet or any member of the PearlStreet Group issues shares (other than as a result of the exercise of the Options) or grants an option over its shares, or agrees to make such an issue or grant such an option;
 - (E) PearlStreet or any member of the PearlStreet Group issues, or agrees to issue, convertible notes;
 - (F) PearlStreet or any member of the PearlStreet Group disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
 - (G) PearlStreet or any member of the PearlStreet Group charges, or agrees to charge, the whole, or a substantial part, of its business or property;
 - (H) PearlStreet or any member of the PearlStreet Group resolves to be wound up;
 - (I) a liquidator or provisional liquidator of PearlStreet or of any member of the PearlStreet Group is appointed;
 - (J) a court makes an order for the winding up of PearlStreet or of a member of the PearlStreet Group;
 - (K) an administrator of PearlStreet or of any member of the PearlStreet Group is appointed under section 436A, 436B or 436C of the Corporations Act;
 - (L) PearlStreet or any member of the PearlStreet Group executes a deed of company arrangement; or
 - (M) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of PearlStreet or a member of the PearlStreet Group.
- (b) ALS may, subject to the Corporations Act, declare this Offer and all contracts resulting from the acceptance of Offers free from the conditions (or any one or more or any part of them) in section 8.8(a).

Subject to compliance with sections 630 and 650F of the Corporations Act, a declaration made under this section 8.8(b) must be made by ALS by notice in writing to PearlStreet:

- (i) in the case of conditions relating to the happening of a Prescribed Occurrence, not later than 3 Business Days after the end of the Offer Period; and
 - (ii) in any other case, not less than 7 days before the end of the Offer Period.
- (c) Each of the conditions in section 8.8(a) is a condition subsequent and does not prevent a contract to sell your PearlStreet Shares resulting from an acceptance of this Offer. However, if a condition in section 8.8(a) is breached or not fulfilled, ALS may by notice in writing to you rescind that contract as if that contract had not been formed.

- (d) Subject to the Corporations Act:
 - (i) ALS alone has the benefit of the conditions in section 8.8(a); and
 - (ii) a breach or non-fulfillment of any of those conditions may be relied on only by ALS; and
 - (iii) ALS may, at its sole discretion, waive the breach or non-fulfillment of all or any of those conditions.
- (e) The date for giving the notice referred to in section 630(1) of the Corporations Act relating to the status of the conditions in section 8.8(a) is 7 December 2009. This date may be extended in accordance with section 630(2) of the Corporations Act if the Offer Period is extended.
- (f) If at the end of the Offer Period:
 - (i) ALS has not declared this Offer and all contracts resulting from the acceptance of Offers free from the conditions in section 8.8(a); or
 - (ii) the conditions in section 8.8(a) have not been fulfilled,all contracts resulting from the acceptance of Offers and all Offers that have been accepted but have not yet resulted in creation of a binding contract, will be automatically void. In that event ALS will, if you have accepted this Offer, return at your risk your Acceptance Form together with all documents forwarded by you with the Acceptance Form to your address shown in the Acceptance Form.

8.9 Withdrawal

ALS may withdraw this Offer at any time with the written consent of ASIC. That consent may be given subject to any conditions specified in the consent.

8.10 Variation

- (a) ALS may at any time before the end of the Offer Period vary this Offer in accordance with the Corporations Act:
 - (i) by extending the Offer Period;
 - (ii) by increasing the consideration payable under this Offer; and
 - (iii) with the written consent of ASIC, and subject to any conditions specified by ASIC in that consent, in the manner that ASIC permits.
- (b) If ALS extends the Offer Period you will be sent notice of the extension, unless, at the date of the extension, you have already accepted this Offer and this Offer has become free from the conditions in section 8.8(a) or those conditions have been fulfilled.

8.11 Governing law

This Offer and any contract that results from your acceptance of it are to be governed by the laws in force in Queensland, Australia.

8.12 Notices

- (a) ALS may give a notice to PearlStreet under the Bid by leaving it at, or sending it by prepaid ordinary post to, the registered office of PearlStreet.
- (b) You or PearlStreet may give a notice to ALS under the Bid by leaving it at or sending it by prepaid ordinary post to ALS at the address set out in the Acceptance Form.
- (c) ALS may give a notice to you under the Bid by leaving it at or sending it by prepaid ordinary post or by airmail (if your address is outside Australia), to your address given to ALS by PearlStreet under section 641 of the Corporations Act.

9. Defined Terms and Interpretation

9.1 Defined terms

In this bidder's statement and in the Acceptance Form, except where the context otherwise requires, the following terms have the meanings shown below:

Acceptance Form	means the form of acceptance and transfer enclosed with this bidder's statement and which forms part of this Offer.
ALS	means Australian Laboratory Services Pty Ltd ACN 009 936 029.
Anthony Wooles	means Anthony Edward Wooles as trustee for the Wooles Family Trust and the A & A Superannuation Fund.
ASIC	means the Australian Securities and Investments Commission.
ASTC Settlement Rules	means the operating rules of the clearance and settlement facility operated by ASX Settlement and Transfer Corporation Pty Limited ACN 008 504 532.
ASX	means ASX Limited ACN 008 624 691, and, where the context requires, a financial product market operated by it.
AWST	means Australian Western Standard Time.
Bid	means the off-market bid constituted by the Offers.
Bid Implementation Agreement	means a Bid Implementation Agreement between Campbell Brothers and PearlStreet dated 27 October 2009.
Campbell Brothers	means Campbell Brothers Limited ACN 009 657 489.
Campbell Brothers Group	means Campbell Brothers, ALS and other associates and subsidiaries of Campbell Brothers.
CHESS	means the Clearing House Electronic Subregister System established and operated by ASX Settlement and Transfer Corporation Pty Limited for the clearing, settlement, transfer and registration of approved securities.
CHESS Holding	means a holding of PearlStreet Shares on the CHESS Subregister of PearlStreet (a CHESS holding will be administered through a Controlling Participant who is normally your broker).
Competing Proposal	means a bona fide proposal or offer by any person with respect to any transaction (by purchase, scheme of arrangement, takeover bid or otherwise) that may result in any person (or group of persons) other than Campbell Brothers or its related entities: <ul style="list-style-type: none"> (i) acquiring voting power of more than 50% in PearlStreet or any subsidiary of PearlStreet; or (ii) acquiring an interest in all or a substantial part of the assets of PearlStreet or any subsidiary of PearlStreet.
Controlling Participant	means the broker or another participant in CHESS who is designated as the Controlling Participant for securities in a CHESS Holding in accordance with the ASTC Settlement Rules (e.g. your broker).
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).

Issuer Sponsored Holding	means a holding of PearlStreet Shares on PearlStreet's issuer sponsored subregister (i.e. where there is no Controlling Participant).
Offer	means the offer contained in section 8.1(a).
Offer Date	means the date referred to in section 8.1(c).
Offer Period	means the period referred to in section 8.1(d).
Offers	means the offers referred to in section 8.1(b).
PearlStreet	means PearlStreet Limited ACN 107 329 224.
PearlStreet Group	means PearlStreet and each of its Related Bodies Corporate for the purposes of the Corporations Act.
PearlStreet Options	means options to acquire by way of issue one PearlStreet Share expiring on 30 November 2009 and having an exercise price of \$0.36 per option.
PearlStreet Shareholder	means a person registered as a holder of PearlStreet Shares.
PearlStreet Shares	means fully paid ordinary shares in the capital of PearlStreet.
Prescribed Occurrence	means an occurrence listed in section 8.8(a)(iii).
Recapitalisation Proposal	means the proposal received by PearlStreet from Catalyst Investment Management Pty Ltd as announced to the ASX by PearlStreet on 29 September 2009 and updated on 13 October 2009.
Record Date	means 10 November 2009.
Rights	means all accretions and rights that accrue to or arise from PearlStreet Shares after the date this bidder's statement is lodged with ASIC, including all rights to receive dividends, to receive or subscribe for shares, notes, options or other securities and all other distributions or entitlements declared, paid, made or issued by PearlStreet after that date.
VWAP	means the volume weighted trading average trading price of PearlStreet Shares on ASX.

9.2 Interpretation

In this bidder's statement, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (d) a reference in this bidder's statement to a clause, paragraph, section or part is to a clause, paragraph, section or part of this bidder's statement;
- (e) a reference to AUD, A\$, \$A, dollars, \$, cents or ¢ is to Australian currency;
- (f) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them; and
- (g) a word or phrase defined in the Corporations Act, the listing rules of ASX or the ASTC Settlement Rules has the meaning given to it in that Act or those rules.

9.3 Headings

Headings are for ease of reference only and do not affect interpretation.

Signing page

DATED: 10 November 2009

Signed on behalf of Australian Laboratory Services Pty Ltd according to a resolution of the sole director of Australian Laboratory Services Pty Ltd dated 9 November 2009.

A handwritten signature in black ink, appearing to read 'G J Kilmister', written in a cursive style.

Greg Kilmister

Director

Corporate information for ALS and Campbell Brothers

<p>Directors of Campbell Brothers Limited</p> <p>Geoff McGrath (Chairman)</p> <p>Greg Kilmister (Managing Director)</p> <p>Nerolie Withnall</p> <p>Martin Kriewaldt</p> <p>Ray Hill</p> <p>Bruce Brown</p> <p>Mel Bridges</p> <p>Directors of Australian Laboratory Services Pty Ltd</p> <p>Greg Kilmister</p> <p>Company Secretary</p> <p>Tim Mullen</p> <p>Registered Office</p> <p>Level 2 299 Coronation Drive Milton QLD 4064</p>	<p>Share registry for the Bid</p> <p>Computershare Investor Services Pty Limited GPO Box 52 Melbourne VIC 3001</p> <p>Legal adviser to the Bid</p> <p>Minter Ellison Lawyers Level 22, Waterfront Place 1 Eagle Street Brisbane QLD 4000</p> <p>Financial adviser to the Bid</p> <p>J.P. Morgan Australia Limited Level 32 225 George Street Sydney NSW 2000</p>
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This is an important document and requires your immediate attention.
If you are in any doubt about how to deal with this document, you should contact your
broker, financial adviser or legal adviser immediately.



PearlStreet

PearlStreet Limited

ABN 97 107 329 224

Target's Statement

This Target's Statement has been issued in response to the off-market takeover bid made by Australian Laboratory Services Pty Ltd ABN 84 009 936 029 (a wholly owned subsidiary of Campbell Brothers Limited ABN 92 009 657 489) for all the ordinary shares in PearlStreet Limited.

The Directors of PearlStreet Limited unanimously recommend that you **ACCEPT the takeover offer from Australian Laboratory Services Pty Ltd (in the absence of a superior proposal)**



Important notices

Nature of this document

This document is a Target's Statement issued by PearlStreet Limited ABN 97 107 329 224 under Part 6.5 Division 3 of the Corporations Act in response to the off-market takeover bid made by Australian Laboratory Services Pty Ltd ABN 84 009 936 029, a wholly-owned subsidiary of Campbell Brothers Limited ABN 92 009 657 489, for all the ordinary shares in PearlStreet.

A copy of this Target's Statement was lodged with ASIC and given to ASX on 10 November 2009. Neither ASIC nor ASX nor any of their respective officers take any responsibility for the content of this Target's Statement.

Key dates

Date of ALS's Offer	12 November 2009
<hr/>	
Date of this Target's Statement	10 November 2009
<hr/>	
Close of ALS's Offer Period (unless extended or withdrawn)	4.00pm (AWST) on 14 December 2009
<hr/>	

PearlStreet Shareholder information

PearlStreet has established a shareholder information line which PearlStreet Shareholders may call if they have any queries in relation to ALS's Offer. The telephone number for the shareholder information line is 1300 131 678 (for calls made from within Australia) or +61 (0)2 8280 7173 (for calls made from outside Australia). Calls to the shareholder information line may be recorded.

Further information relating to ALS's Offer can be obtained from PearlStreet's website at www.pearlstreet.com.au.

Defined terms

A number of defined terms are used in this Target's Statement. These terms are explained in section 10 of this Target's Statement. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in this Target's Statement and defined in the Corporations Act have the same meaning and interpretation as in the Corporations Act.

No account of personal circumstances

This Target's Statement does not take into account your individual objectives, financial situation or particular needs. It does not contain personal advice. Your directors encourage you to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer.

Disclaimer as to forward looking statements

Some of the statements appearing in this Target's Statement may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which PearlStreet operates as well as general economic conditions, prevailing exchange rates and interest

rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. None of PearlStreet, PearlStreet's officers and employees, any persons 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) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

Foreign jurisdictions

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

Maps and diagrams

Any diagrams, charts, maps, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available at the date of this Target's Statement.

Privacy

PearlStreet has collected your information from the PearlStreet register of shareholders and option holders for the purpose of providing you with this Target's Statement. The type of information PearlStreet has collected about you includes your name, contact details and information on your shareholding or option holding (as applicable) in PearlStreet. Without this information, PearlStreet would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of shareholders and option holders to be held in a public register. Your information may be disclosed on a confidential basis to PearlStreet's related bodies corporate and external service providers (such as the share registry of PearlStreet and print and mail service providers) and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by PearlStreet, please contact Link Market Services Limited at Locked Bag A14, Sydney South, NSW 1235 or on 1300 554 474 (within Australia) or +61 (0)2 8280 7111 (from outside Australia). The registered address of PearlStreet is the HWT Tower, Level 19, 40 City Road, Southbank Victoria 3006.

12 November 2009

Dear Shareholders (and, for information purposes only, persons holding Options)

Takeover bid by Australian Laboratory Services Pty Ltd

I am pleased to present the offer by Australian Laboratory Services Pty Ltd (**ALS**), a wholly-owned subsidiary of Campbell Brothers Limited (**Campbell Brothers**), to acquire all of your ordinary shares in PearlStreet Limited at a cash price of \$0.75 per share (**Offer**). Your Board unanimously recommends that shareholders **ACCEPT** the Offer in the absence of a superior proposal.

The price offers shareholders a 142% premium based on the 5-day VWAP of PearlStreet shares prior to close of trade on ASX on 28 September 2009 (being the last trading day before the recapitalisation proposal with Catalyst Investment Managers Pty Limited (**Catalyst**) was announced).

This Target's Statement contains your directors' formal response to the offer and sets out in detail the directors' reasons for recommending that you accept the Offer, in the absence of a superior proposal.

The Board has decided to withdraw its recommendation of the previously announced recapitalisation proposal with Catalyst, as the Board believes that the Offer represents better value for PearlStreet shareholders. The Board has formed this view having regard to a number of factors, including the following:

- The Offer represents a substantial premium to PearlStreet's recent share price and Catalyst's recapitalisation proposal.
- The Offer values PearlStreet at a significant premium relative to its peers, based on FY2009 earnings.
- The Offer provides shareholders with the certainty of all cash consideration.
- PearlStreet's major shareholder and Managing Director, Mr Anthony Wooles, intends to accept the Offer, in the absence of a superior proposal.

More details of the Board's reasons are set out in section 2 of this Target's Statement.

Each of your directors intends to accept the Offer in respect of the shares they own or control, in the absence of a superior proposal.

The Board encourages shareholders to read this Target's Statement and the Bidder's Statement in their entirety, and to consider the Offer having regard to their own personal risk profile, investment strategy and tax position.

The Offer is scheduled to close at 4.00pm (AWST) on 14 December 2009. To accept the Offer, simply follow the instructions set out in section 8.4 of the Bidder's Statement. If you have any further queries in relation to the Offer, you can call 1300 131 678 (for calls made from inside Australia) or +61 (0)2 8280 7173 (for calls made from outside Australia).

Your Board will continue to keep you informed of all material developments relating to the Offer.

Yours sincerely



D R Eiszele
Chairman
PearlStreet Limited

Contents of this Target's Statement

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3	Directors' recommendation	8
4	Important matters for PearlStreet Shareholders to consider	9
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1 Frequently asked questions

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

Question	Answer
What is ALS's Offer for my PearlStreet Shares?	ALS is offering \$0.75 cash for each PearlStreet Share held by you.
What choices do I have as a PearlStreet Shareholder?	<p>As a PearlStreet Shareholder, you have the following choices in respect of your Shares:</p> <ul style="list-style-type: none">• accept the Offer;• sell your shares on ASX (unless you have previously accepted the Offer and you have not validly withdrawn your acceptance); or• do nothing. <p>There are several implications in relation to each of the above choices. A summary of these implications is set out in section 5 of this Target's Statement.</p>
What are the directors of PearlStreet recommending?	Each director recommends that you accept the Offer (in the absence of a superior proposal).
What do the directors of PearlStreet intend to do with their Shares?	Each director intends to accept the Offer in respect of Shares they own or control (in the absence of a superior proposal).
How do I accept the Offer?	Details of how to accept the Offer are set out in section 8.4 of the Bidder's Statement.
Can I participate in the Offer in respect of my PearlStreet Options?	<p>If you hold any PearlStreet Options, then, in order to accept ALS's Offer, you will need to exercise your PearlStreet Options on or before the expiry date of 30 November 2009 and accept the Offer in respect of the Shares you are issued on exercise of the PearlStreet Options.</p> <p>You should have recently received a form to complete and return to PearlStreet to exercise your PearlStreet Options.</p>

Question	Answer
What are the consequences of accepting the Offer now?	If you accept the Offer, unless withdrawal rights are available (see below), you will give up your right to sell your Shares on the ASX or otherwise deal with your Shares while the Offer remains open.
If I accept the Offer, can I withdraw my acceptance?	You may only withdraw your acceptance if ALS varies the Offer in a way that postpones the time when ALS is required to satisfy its obligations by more than one month. (See section 6.8 of this Target's Statement for further details.)
When does the Offer close?	The Offer is presently scheduled to close at 4.00pm (AWST) on 14 December 2009, but the Offer Period can be extended in certain circumstances. (See section 6.5 of this Target's Statement for details of the circumstances in which the Offer Period can be extended.)
What are the conditions to the Offer?	The conditions to the Offer are: <ul style="list-style-type: none"> • Before the end of the Offer Period, ALS and its associates together have interests in at least 90% (by number) of PearlStreet Shares; • During the Offer Period, there is no material adverse change in relation to PearlStreet; and • From the date on which the Offer was announced until the end of the Offer Period, there is no Prescribed Occurrence. (See section 6.2 of this Target's Statement for further details.)
What happens if the conditions of the Offer are not satisfied or waived?	If the conditions are not satisfied or waived before the Offer closes, the Offer will lapse. You would then be free to deal with PearlStreet Shares even if you had accepted the Offer.
When will I be sent my consideration if I accept the Offer?	If you accept the Offer, you will have to wait for the Offer to become unconditional before you will be sent your consideration from ALS. (See section 6.9 of this Target's Statement for further details on when you will be sent your consideration.)

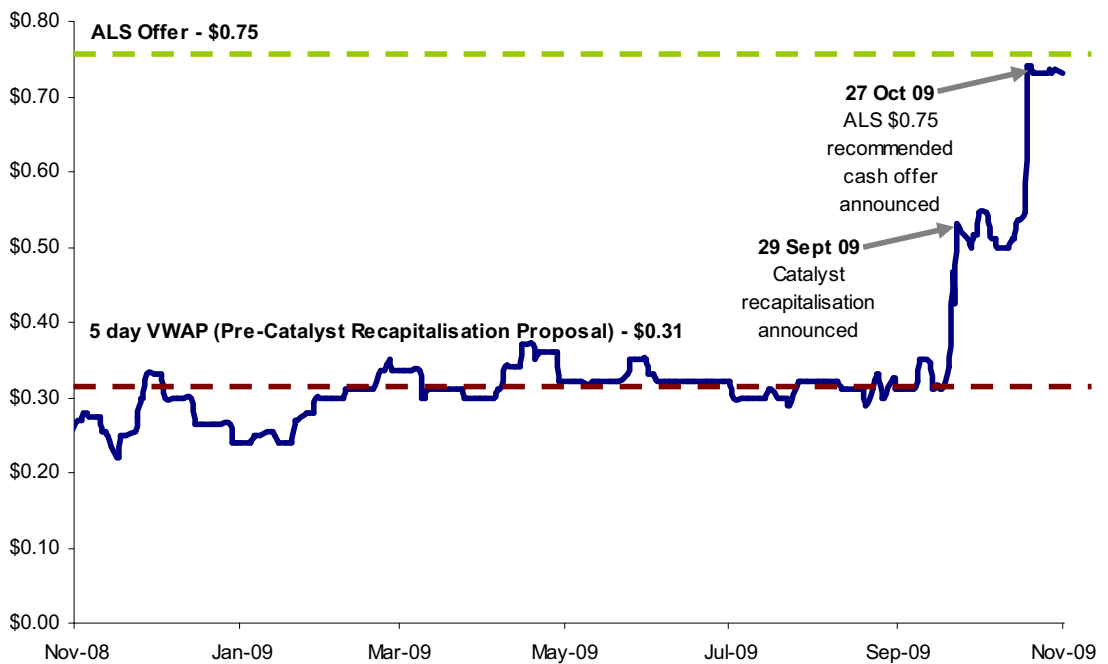
Question	Answer
What are the tax implications of accepting the Offer?	A general outline of the tax implications of accepting the Offer is set out in section 7 of the Bidder's Statement. As the outline is a general outline only, Shareholders are encouraged to seek their own specific professional advice as to the taxation implications applicable to their circumstances.
Is there a number 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, you can call 1300 131 678 (for calls made from inside Australia) or +61 (0)2 8280 7173 (for calls made from outside Australia). Calls to these numbers may be recorded.

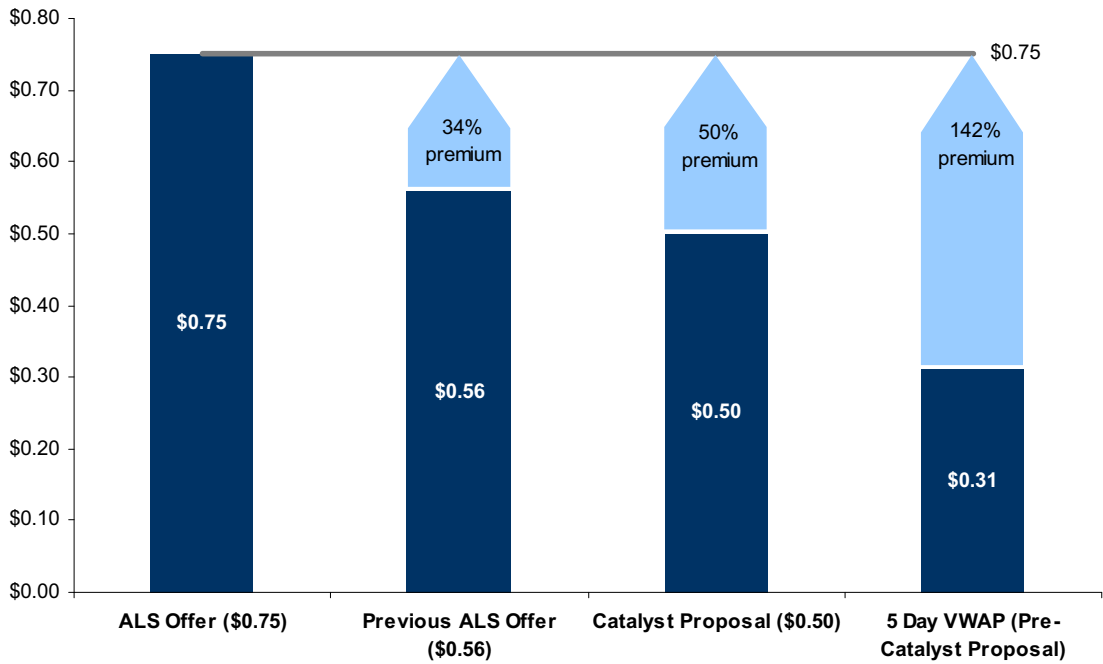
2 Why you should accept the Offer

Your directors have carefully considered the Offer from ALS and unanimously recommend that, in the absence of a superior proposal, Shareholders accept the Offer for the following reasons.

2.1 The Offer represents a substantial premium to PearlStreet’s recent Share price and the Recapitalisation Proposal

Offer Price relative to recent Share price and the Recapitalisation Proposal





At \$0.75 per PearlStreet Share (on a fully diluted basis), the Offer represents a:

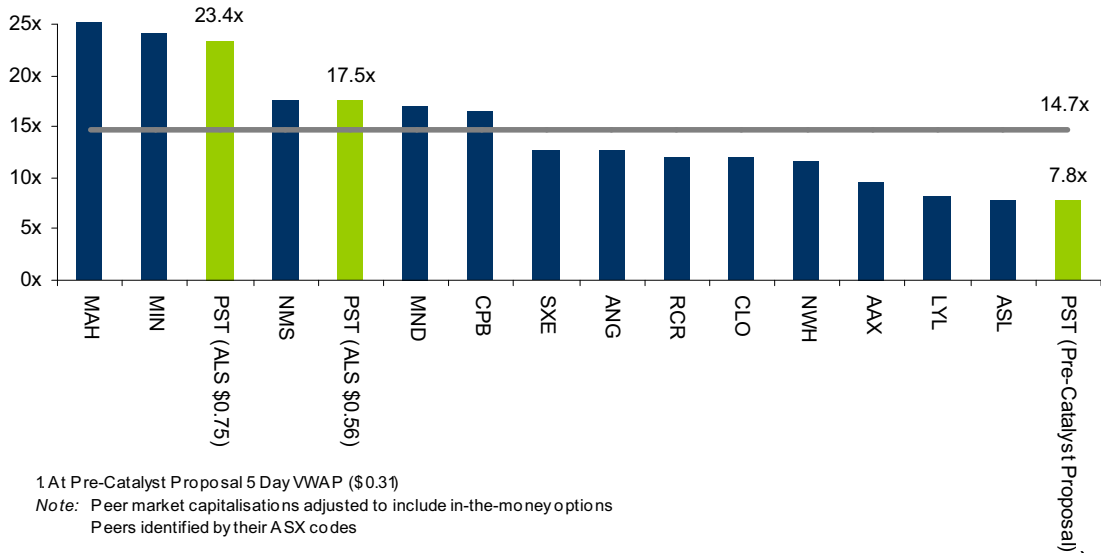
- 142% premium to PearlStreet’s pre-transaction 5-day VWAP of \$0.31,¹ which the Board considers to be well in excess of typical public company takeovers;
- 50% premium to the price offered under the Recapitalisation Proposal of \$0.50 per Share; and
- 34% premium to ALS’s offer of \$0.56 per Share.

In addition, Shareholders will still receive the announced final ordinary dividend for the year ended 30 June 2009 of 1 cent per Share.

¹ As at 28 September 2009, being the last trading day before the Recapitalisation Proposal was announced. Source: IRESS.

2.2 The Offer values PearlStreet at a significant premium relative to its peers, based on historic earnings

FY2009 price earnings multiple



ALS's offer for PearlStreet values PearlStreet on a P/E Ratio of 23.4x FY2009 earnings.² This multiple is significantly higher than:

- the peer group average P/E Ratio of 14.7x for FY2009 earnings;^{2,3}
- ALS's previous offer of \$0.56 per Share which valued PearlStreet on a P/E Ratio of 17.5x FY2009 earnings;² and
- PearlStreet's P/E Ratio of 7.8x FY2009 earnings based upon the 5-day VWAP prior to the Recapitalisation Proposal of \$0.31 per Share.⁴

At \$0.75 per PearlStreet share, the Offer attributes PearlStreet with a P/E Ratio that compares favourably with the majority of its peers and some of the largest ASX listed companies in its sector.

2.3 The Offer represents better value for Shareholders than Catalyst's Recapitalisation Proposal and is for entirely cash consideration

The Board believes that, in light of the substantial premium on the original offer price from ALS, the Offer represents better value for PearlStreet Shareholders than the Recapitalisation Proposal as:

- it offers PearlStreet Shareholders a higher price for their Shares;
- the Offer Price represents a larger implied enterprise value for PearlStreet;⁵ and

² Market capitalisation for the purpose of determining the P/E Ratio has been calculated on a partially diluted basis to include 'in the money' options.

³ The peer group consists of selected ASX listed services companies that provide services to the resources sector. All P/E Ratios are based on FY2009 NPAT sourced from Bloomberg and closing prices sourced from IRESS as at 9 November 2009.

⁴ As PearlStreet Options were 'out of the money' at the 5-day VWAP prior to the Catalyst Recapitalisation Proposal of \$0.31, market capitalisation for the purpose of determining this P/E Ratio has been calculated on an undiluted basis (i.e. assuming 75.1 million Shares on issue).

- it provides greater deal certainty to Shareholders: it offers all cash consideration and, unlike the Recapitalisation Proposal, is not subject to satisfaction of conditions such as completion of due diligence.

For more information on the Board's assessment of the Recapitalisation Proposal, see section 4.7 of this Target's Statement.

2.4 PearlStreet's major Shareholder intends to accept the Offer

Mr Anthony Wooles, who, as at the date of this Target's Statement, holds 46.2% of PearlStreet's Shares (and would hold 50.7% on a fully diluted basis if he were to exercise his PearlStreet Options), has indicated that, in the absence of a superior proposal, he will accept the Offer. Mr Wooles has also granted Campbell Brothers call options over 19.9% of PearlStreet's issued ordinary shares on 27 October 2009 plus up to 19.9% of subsequently issued Shares.

As a consequence, if no superior proposal emerges during the Offer Period, ALS's relevant interest in PearlStreet Shares may increase to up to 50.7% (depending on the number of PearlStreet Options exercised by Mr Wooles), giving it a controlling interest.

2.5 Risk of being a minority Shareholder

If you do not accept the Offer and ALS declares the Offer unconditional, gains effective control of PearlStreet but does not obtain sufficient acceptances to proceed to compulsory acquisition, you will continue to be a minority Shareholder in PearlStreet. If PearlStreet remains listed, it is unlikely that the Share price would sustain the current takeover premium and so would likely fall below the Offer Price. In addition, there is a risk that the market for your Shares would become less liquid, making it more difficult to sell your Shares in the future.

2.6 PearlStreet's Share price is likely to fall if the Offer is not successful

While there are many factors that influence the market price of PearlStreet Shares, it is likely that the market price of PearlStreet Shares may fall if ALS's Offer is unsuccessful.

2.7 No brokerage payable

PearlStreet Shareholders will not be required to pay brokerage or any other costs in relation to the sale of their Shares under the Offer.

⁵ Implied enterprise value is calculated as the market capitalisation of PearlStreet based on the price per PearlStreet Share applied to all PearlStreet Shares under the respective proposals on a fully diluted basis plus pro-forma FY2009 net debt on a post transaction basis. Under the Recapitalisation Proposal, it is assumed that PearlStreet would have 138.9 million Shares on issue post transaction (fully diluted) and that PearlStreet will have pro-forma net debt of \$15.4 million on a fully diluted basis post transaction. The implied enterprise value of PearlStreet under the Recapitalisation Proposal is \$84.8 million. Under ALS's Offer, it is assumed that PearlStreet has 93.9 million Shares on issue (fully diluted) and that PearlStreet will have pro-forma net debt of \$37.9 million on a fully diluted basis post transaction. The implied enterprise value of PearlStreet under ALS's Offer is \$108.3 million.

3 Directors' recommendation

3.1 Summary of Offer

The consideration being offered by ALS under its takeover bid is \$0.75 for each PearlStreet Share.

The Offer is subject to a number of conditions; those conditions are summarised in section 6.2 of this Target's Statement.

3.2 Directors of PearlStreet

As at the date of this Target's Statement, the directors of PearlStreet are:

Name	Position
David Eiszele	Independent Non-Executive Chairman
Anthony Wooles	Managing Director and Chief Executive Officer
Alan Fisher	Non-Executive Director
John Atkins	Non-Executive Director
Phillip Campbell	Non-Executive Director

3.3 Directors' recommendations

After taking into account each of the matters in this Target's Statement and in the Bidder's Statement, each of your directors recommends that you accept the Offer (in the absence of a superior proposal).

In considering whether to accept the Offer, your directors encourage you to:

- read the whole of this Target's Statement and the Bidder's Statement;
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- consider the alternatives noted in section 5 of this Target's Statement; and
- obtain financial advice from your broker or financial adviser upon the Offer and obtain taxation advice on the effect of accepting the Offer.

3.4 Your directors' reasons for their recommendation

Your directors' reasons for their recommendation are set out in section 2 of this Target's Statement.

3.5 Intentions of your directors in relation to the Offer

Each director of PearlStreet who owns or controls PearlStreet Shares presently intends to accept the Offer in relation to those Shares, in the absence of a superior proposal.

Details of the relevant interests of each PearlStreet director in PearlStreet Shares are set out in section 8.1 of this Target's Statement.

4 Important matters for PearlStreet Shareholders to consider

4.1 The ALS Offer

Campbell Brothers first announced its intention to make its takeover bid for PearlStreet on 1 October 2009. The terms of the Offer the subject of this Target's Statement were subsequently agreed by Campbell Brothers and PearlStreet in the Bid Implementation Agreement and were announced on 27 October 2009. (A copy of the joint announcement by Campbell Brothers and PearlStreet is contained in Annexure A to this Target's Statement.) A summary of the Offer is contained in section 6 of this Target's Statement.

ALS's Offer is open for acceptance until 4.00pm (AWST) on 14 December 2009, unless it is extended or withdrawn (sections 6.5 and 6.6 of this Target's Statement describe the circumstances in which ALS can extend or withdraw its Offer).

4.2 Background information on PearlStreet

Founded in December 2003 by PearlStreet's Managing Director, Anthony Wooles, PearlStreet provides the energy, resources and infrastructure sectors with non-destructive testing, inspection and asset care services. It listed on ASX in February 2007.

4.3 Current business activities of PearlStreet

PearlStreet's regional operating structure includes three testing and inspection business units, with one unit servicing each of: Queensland; New South Wales, Victoria and South Australia; and Western Australia. These regional centres allow a focus on retaining and expanding established clients, and also serve as technical hubs to support project locations and smaller branches as required. PearlStreet has specialist competencies in inspecting, testing and analysing energy and resources plant and components across a broad range of industries. PearlStreet is accredited by the National Association of Testing Authorities in the field of non-destructive testing.

PearlStreet also has specialist competencies in operating and maintaining cogeneration power plants and coal handling infrastructure plus laboratory-based coal and minerals analysis. PearlStreet supplements this capability with specific engineering services, allowing the asset owner to access the full complement of O&M services from PearlStreet.

PearlStreet's key locations and projects are set out below.

Testing and inspection

(a) Western Australia

PearlStreet has a significant contract with Alcoa of Australia Limited, which includes an onsite presence at the Kwinana, Pinjarra and Wagerup refineries. In addition, a new three-year contract commenced in September 2009 for non-destructive testing, condition monitoring and inspection services.

PearlStreet's Western Australian business also provides ongoing condition monitoring services to companies such as:

- Rio Tinto Iron Ore in the Pilbara;
- Iluka Resources;
- Vale Inco's Goro Nickel mine in New Caledonia;
- BHP Billiton Nickel West in Kalgoorlie; and
- Newmont for its Boddington gold mine.

It also provides non-destructive testing services to the Worsley Alumina expansion project.

(b) New South Wales, Victoria and South Australia

PearlStreet provides non-destructive testing and inspection services to Esso Australia at their Longford, Long Island Point and offshore facilities in Victoria, and has done now for nearly 30 years.

Its Hunter Valley, South Eastern Victoria and Adelaide branches work extensively with local power stations, such as Eraring Energy, TRUenergy Yallourn, International Power Hazelwood and AGL Torrens Island. PearlStreet also has a contract with Rio Tinto Coal Australia's Hunter Valley operations to deliver condition monitoring services.

(c) Queensland

PearlStreet's Queensland operations include providing maintenance non-destructive testing and condition monitoring services to mining customers across central Queensland, including Curragh Queensland Mining, Xstrata, BHP Billiton Mitsubishi Alliance, Rio Tinto Coal Australia and Sedgman.

PearlStreet also has major contracts for work on:

- Rio Tinto Alcan's Yarwun refinery expansion in Gladstone; and
- Santos' South Eastern Queensland coal seam gas assets.

Asset Management

(a) Collie Basin Coal Infrastructure (**CBCI**)

Initially secured in October 1999 following a competitive tender, the contract was renewed in June 2004 as part of PearlStreet's acquisition of PearlStreet Energy Services Pty Ltd. The CBCI contract now extends to June 2010.

Under the CBCI contract, PearlStreet supports Verve Energy by operating and maintaining the CBCI plant at the Muja power station.

(b) KMK Cogeneration Facility (**KMK**)

PearlStreet Energy Services Pty Ltd was initially awarded the contract in September 1998 for a five year period. The contract was renegotiated in February 2004 and extended to February 2009. This contract has recently been re-negotiated for a further five year term.

Under the contract, PearlStreet supports Verve Energy by operating and maintaining the 38MW cogeneration plant at the KMK pigment plant at Kwinana.

(c) Other operations

The Analytical Services business provides fly-ash testing, physical ore testing and other associated services, with PearlStreet's largest customers including Wesfarmers Premier Coal and Griffin Coal Mining.

4.4 Value of ALS's Offer

At \$0.75 per PearlStreet Share (on a fully diluted basis), the Offer values PearlStreet at a:

- 142% premium to PearlStreet's pre-transaction 5-day VWAP of \$0.31,⁶ which the Board considers to be well in excess of typical public company takeovers;
- 50% premium to the price offered under Catalyst's Recapitalisation Proposal of \$0.50 per Share; and
- 34% premium to ALS's previous offer of \$0.56 per Share.

The certainty of the ALS Offer and indicative endorsement by the market is reflected in the current price of PearlStreet Shares. At the date of this Target's Statement, PearlStreet Shares last traded at \$0.73,⁷ a very small discount to the Offer Price.

For further information on the value of ALS's Offer, see section 2 of this Target's Statement.

4.5 Minority ownership consequences

ALS's Offer is presently subject to a 90% minimum acceptance condition which, if fulfilled (and all the other conditions are fulfilled or freed), will entitle it to compulsorily acquire all outstanding PearlStreet shares. ALS has the right to free its Offer from the 90% Minimum Acceptance Condition.

If ALS frees the Offer from the 90% minimum acceptance condition and acquires more than 50% but less than 90% of the PearlStreet Shares then, assuming all other conditions to the Offer are fulfilled or freed, ALS will acquire a majority shareholding in PearlStreet.

Accordingly, Shareholders who do not accept the Offer will become minority Shareholders in PearlStreet. This has a number of possible implications, including:

- ALS will be in a position to cast the majority of votes at a general meeting of PearlStreet. This will enable it to control the composition of PearlStreet's board of directors and senior management, determine PearlStreet's dividend policy and control the strategic direction of the businesses of PearlStreet and its subsidiaries;
- the PearlStreet share price may fall immediately following the end of the Offer Period and it is unlikely that PearlStreet's share price will contain any takeover premium;
- liquidity of PearlStreet shares may be lower than at present, and there is a risk that PearlStreet could be fully or partially removed from certain S&P/ASX market indices due to lack of free float and/or liquidity;
- if the number of PearlStreet Shareholders is less than that required by the Listing Rules of ASX to maintain an ASX listing then ALS may seek to have PearlStreet removed from the official list of the ASX. If this occurs, PearlStreet Shares will not be able to be bought or sold on the ASX;

⁶ As at 28 September 2009, being the last trading day before the Recapitalisation Proposal was announced. Source: IRESS.

⁷ Source: IRESS.

- future PearlStreet dividend policy under the management of ALS may vary significantly from current PearlStreet dividend policy;
- a proportion of the synergies referred to by ALS in the Bidder's Statement may not be achieved; and
- if ALS acquires 75% or more of the PearlStreet Shares it will be able to pass a special resolution of PearlStreet. This will enable ALS to, among other things, change PearlStreet's constitution.

4.6 Dividend issues for PearlStreet Shareholders

Since listing in 2007, PearlStreet has paid the following dividends to Shareholders:

- Final ordinary dividend for the year ended 30 June 2007 of 1.6 cents per Share paid on 28 September 2007;
- Interim ordinary dividend for the year ended 30 June 2008 of 0.6 cents per Share paid on 3 April 2008;
- Final ordinary dividend for the year ended 30 June 2008 of 1.05 cents per Share paid on 26 September 2008; and
- Interim ordinary dividend for the year ended 30 June 2009 of 1.6 cents per Share paid on 31 March 2009.

As previously announced, PearlStreet will still pay a final ordinary dividend for the year ended 30 June 2009 of 1 cent per Share. The dividend will be paid during the Offer Period.

The Offer Price agreed between PearlStreet and ALS takes account of the intended payment of this dividend, and so PearlStreet Shareholders will be entitled to retain the dividend without a corresponding reduction in the Offer Price.

4.7 Other alternatives to the Offer

Before reaching agreement on the terms of the Offer with ALS in the Bid Implementation Agreement, PearlStreet had previously announced that it was pursuing a recapitalisation proposal with Catalyst. At the original price offered by ALS on 1 October 2009 of \$0.56, the Board considered that the Recapitalisation Proposal was in the best interests of PearlStreet Shareholders and so rejected the offer from ALS.

However, the Board now believes that, in light of the substantial premium on the original offer price from ALS, the Offer represents a better outcome for PearlStreet Shareholders and so is recommending that Shareholders accept the Offer, in the absence of a superior proposal. The Board's reasons include:

- the Offer will give PearlStreet Shareholders a price for their Shares that is higher than the proposed price under the Recapitalisation Proposal;
- the Offer Price represents a larger implied enterprise value for PearlStreet;⁸

⁸ Implied enterprise value is calculated as the market capitalisation of PearlStreet based on the price per PearlStreet Share applied to all PearlStreet Shares under the respective proposals on a fully diluted basis plus pro-forma FY2009 net debt on a post transaction basis. Under the Recapitalisation Proposal, it is assumed that PearlStreet would have 138.9 million Shares on issue post transaction (fully diluted) and that PearlStreet will have pro-forma net debt of \$15.4 million on a fully diluted basis post transaction. The implied enterprise value of PearlStreet under the Recapitalisation Proposal is \$84.8 million. Under ALS's Offer, it is assumed that PearlStreet has 93.9 million Shares on issue (fully diluted) and that PearlStreet will have pro-forma net debt of \$37.9 million on a fully diluted basis post transaction. The implied enterprise value of PearlStreet under ALS's Offer is \$108.3 million.

- the Offer provides greater deal certainty to Shareholders: it offers all cash consideration and, unlike the Recapitalisation Proposal, is not subject to satisfaction of outstanding conditions such as completion of due diligence and final approval from Catalyst's investment committee; and
- the Offer provides Shareholders with the certainty of \$0.75 in cash per Share, while the Recapitalisation Proposal would have resulted in a change of control of PearlStreet but left Shareholders subject to PearlStreet's ongoing performance and exposed to the accompanying uncertainties and risks.

At this stage, the Board is not aware of any other alternative transactions. The Board will of course keep Shareholders informed of any material developments. PearlStreet remains subject to the notification and matching right obligations owed to Campbell Brothers with respect to alternative transactions under the Bid Implementation Agreement (see further section 9.2 of this Target's Statement).

4.8 PearlStreet Share price absent the Offer

While there are many factors that influence the market price of PearlStreet Shares, your directors anticipate that, following the close of the Offer, the market price of PearlStreet Shares may fall if ALS's Offer fails, or if ALS acquires more than 50% (but less than 90%) of the PearlStreet Shares.

4.9 Taxation consequences of a change in control in PearlStreet

The taxation consequences of accepting the Offer depend on a number of factors and will vary depending on your particular circumstances. A general outline of the Australian taxation considerations of accepting the Offer are set out in section 7 of the Bidder's Statement.

You should carefully read and consider the taxation consequences of accepting the Offer. The outline provided in the Bidder's Statement is of a general nature only and you should seek your own specific professional advice as to the taxation implications applicable to your circumstances.

5 Your choices as a PearlStreet Shareholder

Your directors recommend that you accept the Offer (in the absence of a superior proposal).

However, as a PearlStreet Shareholder you have three choices currently available to you:

(a) **Accept the Offer**

PearlStreet Shareholders may elect to accept the Offer. Details of the consideration that will be received by PearlStreet Shareholders who accept the Offer are set out in section 6.1 of this Target's Statement and in the Bidder's Statement.

Shareholders who accept the Offer may be liable for CGT on the disposal of their shares (see section 7 of the Bidder's Statement). However, they will not incur any brokerage charge.

The Bidder's Statement contains details of how to accept the Offer in section 8.4.

(b) **Sell your Shares on market**

During a takeover, shareholders of a target company who have not already accepted the Bidder's Offer can still sell their shares on market for cash.

On 9 November 2009, PearlStreet's share price closed at \$0.73 per Share, a 2.7% discount to ALS's offer price of \$0.75 per Share. The latest price for PearlStreet Shares may be obtained from the ASX website www.asx.com.au.

Shareholders who sell their Shares on market may be liable for CGT on the sale (see section 7 of the Bidder's Statement) and may incur a brokerage charge.

PearlStreet Shareholders who wish to sell their Shares on market should contact their broker for information on how to effect that sale.

(c) **Do not accept the Offer or sell their Shares on market**

Shareholders who do not wish to accept the Offer or sell their Shares on market should do nothing.

Shareholders should note that if ALS and its associates have a relevant interest in at least 90% of the Shares during or at the end of the Offer Period, ALS will be entitled to compulsorily acquire the Shares that it does not already own (see section 6.12 of this Target's Statement for further details).

6 Key features of ALS's Offer

6.1 Consideration payable to Shareholders who accept the Offer

The consideration being offered by ALS is \$0.75 for each PearlStreet Share.

6.2 Conditions to the Offer

ALS's Offer is subject to a number of conditions. Those conditions are set out in full in section 8.8(a) of the Bidder's Statement.

By way of broad overview, the outstanding conditions to the Offer as at the date of this Target's Statement are:

- (a) Before the end of the Offer Period, ALS and its associates together have interests in at least 90% (by number) of PearlStreet Shares;
- (b) During the Offer Period, there is no material adverse change in relation to PearlStreet; and
- (c) From the date on which the Offer was announced until the end of the Offer Period, there is no Prescribed Occurrence.

6.3 Notice of Status of Conditions

Section 8.8(e) of the Bidder's Statement indicates that ALS will give a Notice of Status of Conditions to the ASX and PearlStreet on 7 December 2009.

ALS is required to set out in its Notice of Status of Conditions:

- whether the Offer is free of any or all of the conditions;
- whether, so far as ALS knows, any of the conditions have been fulfilled; and
- ALS's voting power in PearlStreet.

If the Offer Period is extended by a period before the time by which the Notice of Status of Conditions is to be given, the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period. In the event of such an extension, ALS is required, as soon as practicable after the extension, to give a notice to the ASX and PearlStreet that states the new date for the giving of the Notice of Status of Conditions.

If a condition is fulfilled (so that the Offer becomes free of that condition) during the bid period but before the date on which the Notice of Status of Conditions is required to be given, ALS must, as soon as practicable, give the ASX and PearlStreet a notice that states that the particular condition has been fulfilled.

6.4 Offer Period

Unless ALS's Offer is extended or withdrawn, it is open for acceptance from 12 November 2009 until 4.00pm (AWST) on 14 December 2009.

The circumstances in which ALS may extend or withdraw its Offer are set out in section 6.5 and section 6.6 respectively of this Target's Statement.

6.5 Extension of the Offer Period

ALS may extend the Offer Period at any time before giving the Notice of Status of Conditions (referred to in section 6.3 in this Target's Statement) while the Offer is subject to conditions. However, if the Offer is unconditional (that is, all the conditions are fulfilled or freed), ALS may extend the Offer Period at any time before the end of the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period:

- ALS improves the consideration offered under the Offer; or
- ALS's voting power in PearlStreet increases to more than 50%.

If either of these 2 events occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

Under the Bid Implementation Agreement, PearlStreet and Campbell Brothers have agreed that the maximum aggregate length of the Offer Period will be 6 months.

6.6 Withdrawal of Offer

ALS may not withdraw the Offer if you have already accepted it. Before you accept the Offer, ALS may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

6.7 Effect of acceptance

The effect of acceptance of the Offer is set out in section 8.6 of the Bidder's Statement. PearlStreet Shareholders should read these provisions in full to understand the effect that acceptance will have on their ability to exercise the Rights attaching to their Shares and the representations and warranties which they give by accepting of the Offer.

6.8 Your ability to withdraw your acceptance

You only have limited rights to withdraw your acceptance of the Offer.

You may only withdraw your acceptance of the Offer if ALS varies the Offer in a way that postpones, for more than one month, the time when ALS needs to meet its obligations under the Offer. This will occur if ALS extends the Offer Period by more than one month and the Offer is still subject to conditions.

6.9 When you will receive your consideration if you accept the Offer

In the usual case, you will be issued your consideration on or before the later of:

- one month after the date the Offer becomes or is declared unconditional; and

- one month after the date you accept the Offer if the Offer is, at the time of acceptance, unconditional,

but, in any event (assuming the Offer becomes or is declared unconditional), no later than 21 days after the end of the Offer Period.

However, there are certain exceptions to the above timetable for the issuing of consideration. Full details of when you will be issued your consideration are set out in section 8.2 of the Bidder's Statement.

6.10 Effect of an improvement in consideration on Shareholders who have already accepted the Offer

If ALS improves the consideration offered under its takeover bid, all PearlStreet Shareholders, whether or not they have accepted the Offer before that improvement in consideration, will be entitled to the benefit of that improved consideration.

6.11 Lapse of Offer

The Offer will lapse if the Offer conditions are not freed or fulfilled by the end of the Offer Period; in which case, all contracts resulting from acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In that situation, you will be free to deal with your PearlStreet Shares as you see fit.

6.12 Compulsory acquisition

ALS has indicated in section 5.4 of its Bidder's Statement that if it satisfies the required thresholds it intends to compulsorily acquire any outstanding PearlStreet Shares.

ALS will be entitled to compulsorily acquire any PearlStreet Shares in respect of which it has not received an acceptance of its Offer on the same terms as the Offer if, during or at the end of the Offer Period, ALS and its associates have a relevant interest in at least 90% (by number) of the PearlStreet Shares.

If this threshold is met, ALS will have one month after the end of the Offer Period within which to give compulsory acquisition notices to PearlStreet Shareholders who have not accepted the Offer. PearlStreet Shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant Shareholder to establish to the satisfaction of a court that the terms of the Offer do not represent 'fair value' for their PearlStreet Shares. If compulsory acquisition occurs, PearlStreet Shareholders who have their PearlStreet Shares compulsorily acquired are likely to be issued their consideration approximately 5 to 6 weeks after the compulsory acquisition notices are dispatched to them.

It is also possible that ALS will, at some time after the end of the Offer Period, become the beneficial holder of 90% of the Shares. ALS would then have rights to compulsorily acquire Shares not owned by it within 6 months of becoming the holder of 90%. ALS's price for compulsory acquisition under this procedure would have to be considered in a report of an independent expert.

7 Financial information and related matters

PearlStreet's full year statutory accounts for FY2009 were recently released to ASX and sent to Shareholders as part of PearlStreet's 2009 Annual Report. Copies of the accounts are available on PearlStreet's website at www.pearlstreet.com.au and on ASX's website at www.asx.com.au (ASX code: PST).

7.1 Highlights of FY2009 financial results

The final revenue result for FY2009 of \$94.9m reflects the robust nature of the business in what has been one of the most volatile periods of economic activity for many years. After adjusting for only 11 months of PearlStreet Metlabs Pty Ltd's contribution for the year ended 30 June 2008, the business has grown organically by approximately 9% during FY2009, and 13% on an unadjusted basis.

The reported EBITDA for the group for FY2009 is \$10.686m, which is 11.3% of revenue and a 17.8% increase over the previous period.

The underlying EBITDA of \$11.283m is 11.9% of revenues, after allowing for the add-back of one-off restructuring costs of \$272,000 and an adverse revenue adjustment of \$325,000.

The reported net profit after tax result of \$3.003m (EPS of 4.04 cents per Share) includes the items above, resulting in an underlying NPAT of \$3.890m after adding back those items and the amortisation of customer intangibles of \$671,000. This results in an adjusted EPS of 5.23 cents per Share.

During FY2009, strong revenue growth was achieved against the backdrop of economic uncertainty resulting in a solid achievement for the year.

The strength of PearlStreet's revenue growth, and overall maintenance of EBITDA margin guidance, represents a pleasing result.

For FY2009 a very strong operating cash flow of \$6.5 million was achieved. Debt was reduced, dividends paid to Shareholders, and there was no impairment of asset values required.

Directors declared a final fully franked dividend of 1.0 cent per fully paid Share representing a full year dividend of 2.60 cents, an increase of 57% on the full previous year.

As at 30 June 2009, the consolidated entity had net assets of \$17,852,000 and a net tangible asset deficiency (excluding intangible assets of \$43,158,000) of \$25,306,000. The consolidated entity also had a net current asset deficiency of \$8,967,000. This deficiency is largely attributable to the bank loan principal repayments of \$10,500,000 due in the next 12 months, including \$6,800,000 payable in December 2009.

The results achieved in FY2009 highlight the strength of PearlStreet's market leadership position, long term blue chip customer contracts and the sustainability of its cash flows.

7.2 FY2010 earnings guidance

During the first four months of FY2010, PearlStreet has continued to experience very strong demand for its services, courtesy of its exposure to buoyant industry sectors. PearlStreet remains focused on driving core business growth and, as previously advised to the market, is confident of achieving high single digit revenue growth whilst achieving an EBITDA margin of 12%.

7.3 Material post-30 June 2009 events

(a) PearlStreet Options

As at 30 June 2009, PearlStreet had 18,776,132 PearlStreet Options on issue. Given the recent proposals announced to the market – initially the Recapitalisation Proposal and then the Offer from ALS – the PearlStreet Options began to reflect an in the money proposition and, if exercised, will now generate a gain for those Shareholders who choose to exercise their PearlStreet Options (based on the Offer Price of \$0.75 per Share).

If all PearlStreet Options are exercised, PearlStreet will receive approximately \$6.76 million on payment of the exercise price by PearlStreet Option holders.

(b) **Catalyst break fee costs**

PearlStreet agreed to reimburse the externally invoiced costs incurred by Catalyst in pursuing the Recapitalisation Proposal (payable not later than 7 days from the date of invoice by Catalyst), up to a maximum of \$910,000, if Catalyst commenced due diligence in relation to the Recapitalisation Proposal and, after the date of commencement of that due diligence, the Board failed to recommend or withdrew a recommendation for the proposal.

As Catalyst commenced due diligence and the Board has withdrawn its recommendation, PearlStreet will be liable to pay the break fee to Catalyst.

8 Information relating to your directors

8.1 Interests and dealings in PearlStreet securities

(a) **Interests in PearlStreet Shares and Options**

As at the date of this Target's Statement, your directors had the following relevant interests in Shares and Options:

Director	Number of PearlStreet Shares	Number of PearlStreet Options
D Eiszele	3,678,884	-
A Wooles	38,080,747	9,520,188
P Campbell	629,535	-
J Atkins	271,372	-
A Fisher	-	-
TOTAL	42,660,538	9,520,188

(b) **Dealings in PearlStreet Shares and Options**

No director of PearlStreet has acquired or disposed of a relevant interest in any Shares or Options in the 4 month period ending on the date immediately before the date of this Target's Statement.

8.2 Interests and dealings in ALS securities

(a) Interests in ALS securities

As at the date immediately before the date of this Target's Statement, no PearlStreet director had a relevant interest in any ALS securities.

(b) Dealings in ALS securities

No director of PearlStreet acquired or disposed of a relevant interest in any ALS securities in the 4 month period ending on the date immediately before the date of this Target's Statement.

8.3 Benefits and agreements

(a) Benefits in connection with retirement from office

As a result of the Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a board or managerial office of PearlStreet or related body corporate of PearlStreet.

(b) Agreements connected with or conditional on the Offer

There are no agreements made between any director of PearlStreet and any other person in connection with, or conditional upon, the outcome of the Offer other than in their capacity as a holder of Shares or Options.

(c) Benefits from ALS

None of the directors of PearlStreet has agreed to receive, or is entitled to receive, any benefit from ALS which is conditional on, or is related to, the Offer, other than in their capacity as a holder of Shares or Options.

(d) Interests of Directors in contracts with ALS

None of the directors of PearlStreet has any interest in any contract entered into by ALS.

8.4 Pre-bid option agreements with Mr Anthony Wooles

Campbell Brothers has entered into binding call option agreements with PearlStreet's major Shareholder and Managing Director, Mr Anthony Wooles, in respect of, in total, 19.9% of PearlStreet's Shares on 27 October 2009 plus up to 19.9% of subsequently issued Shares.

The call options are exercisable at the Offer Price. Campbell Brothers' rights under the call options will not be affected by a subsequent rival or higher bid. Mr Wooles is prohibited from dealing in the Shares the subject of the call options during the Offer Period, though he remains able to accept into the Offer in relation to 9.95% of those Shares.

If the call options are exercised and Campbell Brothers then sells the Shares received from Mr Wooles into a Competing Proposal, Campbell Brothers must pay Mr Wooles 50% of the difference between the Offer Price and the value per Share received under the Competing Proposal.

9 Additional information

9.1 Effect of the takeover on PearlStreet's material contracts

PearlStreet has identified several material contracts with its key customers, including its contracts with Alcoa of Australia Ltd, BP Refinery (Kwinana) Pty Ltd, Verve Energy and Esso Australia Limited, as containing change of control provisions which may be triggered as a result of, or as a result of acceptances of, the Offer. These contracts will require the written consent of the counterparty to a change of control event (such as the Offer) if the relevant ownership threshold is reached by ALS.

9.2 Bid Implementation Agreement

In the Bid Implementation Agreement, Campbell Brothers and PearlStreet agreed to the following:

(a) **Conduct of the business**

PearlStreet has agreed to conduct its business in the usual and ordinary course during the Offer Period, and to consult with Campbell Brothers before entering into, materially amending or terminating any material contracts. PearlStreet must also keep Campbell Brothers informed of any major decisions taken during the Offer Period.

(b) **Break fee**

When payable

PearlStreet must pay Campbell Brothers a break fee of \$700,000 (excluding GST) if at any time after the date of the announcement of the Offer:

- (1) any PearlStreet director withdraws or changes their recommendation that Shareholders accept the Offer, including due to the directors or any of them recommending a superior proposal;
- (2) a condition of the Offer is breached or not fulfilled and this is materially contributed to by any action or inaction of PearlStreet;
- (3) PearlStreet is in breach of any of its material obligations under the Bid Implementation Agreement and, to the extent that the breach is capable of remedy, that breach is not remedied by PearlStreet within 10 business days of receiving written notice from Campbell Brothers identifying the breach;
- (4) PearlStreet is in material breach of any of the representations and warranties provided by it under the Bid Implementation Agreement; or
- (5) the proponent of a competing proposal acquires voting power of more than 10% in PearlStreet including some or all of the shares owned or controlled by a PearlStreet director.

Payment

If PearlStreet is obliged to pay the break fee to the other party, it must do so within 5 business days of receipt of a demand from Campbell Brothers for the payment of that fee.

Exceptions

To the extent that a court or the Takeovers Panel determines that any obligation of PearlStreet:

- (1) constituted, constitutes or would constitute, a breach of the fiduciary duties or statutory duties of a PearlStreet director; or
- (2) constituted, constitutes or would constitute, unacceptable circumstances within the meaning of the Corporations Act; or

(3) was, is or would be, unlawful for any other reason,
 PearlStreet will not be required to pay the break fee.

(c) **Exclusivity**

Prohibitions

PearlStreet must not and must use its best endeavours to ensure that its directors and representatives do not, directly or indirectly:

- (1) solicit or initiate any proposal or discussions by any person to make a Competing Proposal or communicate an intention to do any such things;
- (2) knowingly encourage any proposal or discussions by any person to make a Competing Proposal;
- (3) participate in any negotiations or discussions or provide any information to any person with respect to any offer or proposal to make a Competing Proposal;
- (4) accept or enter into, or offer to accept or enter into, any agreement, arrangement or understanding regarding a Competing Proposal; or
- (5) disclose any information about the business or affairs of PearlStreet to a third party (other than a government agency) other than:
 - in the ordinary course of ordinary business; or
 - as required by law; or
 - under PearlStreet's existing contractual obligations; or
 - in the ordinary course of making normal presentations to brokers, portfolio investors and analysts.

However, paragraphs (3), (4) and (5) do not apply if compliance with the relevant clause would, in the opinion of the PearlStreet board reasonably formed in good faith, be likely to constitute a breach of any of the duties of the PearlStreet directors and provided that PearlStreet gives Campbell Brothers not less than 72 hours to match any Competing Proposal.

Ceasing existing discussions

PearlStreet and its directors and representatives must cease any existing discussions or negotiations relating to:

- (1) any Competing Proposal (including the proposal by Catalyst); or
- (2) any transaction that may reduce the likelihood of the success of the Offer (including the previously announced Recapitalisation Proposal).

PearlStreet agrees that it will release Campbell Brothers from its standstill and other restrictions to the extent necessary to allow Campbell Brothers to make the Offer.

Obligations to notify

PearlStreet must immediately notify Campbell Brothers in writing of:

- (1) any approach, inquiry or proposal made to PearlStreet or its directors or representatives, regarding a potential Competing Proposal; and
- (2) any request for information relating to PearlStreet or any of its businesses or operations which PearlStreet has reasonable grounds to suspect may relate to a Competing Proposal,

unless to do so would, in the opinion of the PearlStreet board reasonably formed in good faith, be likely to constitute a breach of any of the duties of the PearlStreet directors.

Exceptions from complying with exclusivity arrangements

PearlStreet will not be obliged to comply with the exclusivity arrangements to the extent that a court or the Takeovers Panel determines that they:

- (1) constitute a breach of duty by the PearlStreet board or PearlStreet; or
- (2) constitute unacceptable circumstances within the meaning of the Corporations Act; or
- (3) would be unlawful for any other reason.

End of solicitation period

PearlStreet's obligations under the exclusivity arrangements cease if:

- (1) Campbell Brothers fails to make offers pursuant to an off market takeover bid under Chapter 6 of the Corporations Act to acquire all PearlStreet Shares on terms not less favourable to PearlStreet Shareholders than the announced terms; or
- (2) Campbell Brothers withdraws the Offer; or
- (3) the Offer closes without satisfying any defeating conditions.

(d) Extension of Offer Period

The parties have agreed that the length of the Offer Period will be a maximum, in aggregate, of 6 months.

(e) Warranties

The Bid Implementation Agreement contains representations and warranties by PearlStreet and Campbell Brothers that are typical for an agreement of its nature. These include general corporate warranties by both parties, and:

- (1) a warranty by PearlStreet in relation to the accuracy of due diligence information given to Campbell Brothers; and
- (2) a warranty by Campbell Brothers in relation to its capacity to pay consideration under the Offer.

9.3 Issued capital

As at the date of this Target's Statement, PearlStreet's issued capital consisted of:

- 82,485,455 fully paid ordinary shares; and
- 11,398,133 PearlStreet Options (expiring on 30 November 2009 and exercisable at \$0.36 per PearlStreet Option).

9.4 Substantial holders

As at the date of this Target's Statement, PearlStreet has the following registered Shareholders holding over 5% of PearlStreet Shares:

Shareholder	Number of PearlStreet Shares	Percentage of Shares on issue
A Wooles (through the Wooles Family account and A&A	38,080,747	46.2%

Shareholder	Number of PearlStreet Shares	Percentage of Shares on issue
Super Fund account)		
Zero Nominees Pty Ltd	8,439,751	10.2%

Note: Mr Wooles' percentage holding would be 50.7% on a fully diluted basis if he were to exercise all his PearlStreet Options.

9.5 Effect of Offer on PearlStreet's Options, and employee incentive schemes

(a) Options

ALS is not offering to acquire PearlStreet Options. However, the Offer extends to any new PearlStreet Shares that are issued during the Offer Period as a result of the exercise of PearlStreet Options. Accordingly, PearlStreet Option holders may elect to exercise their Options before the expiry date of 30 November 2009, pay the relevant exercise price to PearlStreet and accept the Offer in respect of the Shares issued following the exercise of their PearlStreet Options.

If you hold PearlStreet Options, you should have recently received a form to complete and return to PearlStreet to exercise your PearlStreet Options.

(b) Employee share plan

PearlStreet has an Employee Share Plan (**ESP**), last approved by Shareholders in November 2007.

The ESP allows eligible employees of PearlStreet to purchase Shares under two options: a tax exempt option and a tax deferred option. Shares are issued under the ESP subject to certain restrictions on their transfer and disposal.

In the event of a takeover bid or other change of control event, the ESP gives the Board the discretion to determine that any or all of the restrictions placed on the Shares cease at a time determined by the Board.

The Board has resolved that, in light of the Offer by ALS, all restrictions attached to Shares issued under the ESP cease with effect from the date on which this Target's Statement is lodged with ASIC. Employee Shareholders are therefore able to sell any Shares issued under the ESP into the Offer from ALS.

Shareholders should seek tax advice on the consequences of accepting the Offer in respect of Shares received under the ESP.

9.6 Consents

Freehills has given, and has not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as PearlStreet's Australian legal advisers in the form and context in which it is so named. Freehills has not advised on the laws of any foreign jurisdiction, and has not provided tax advice in relation to any jurisdiction. Freehills has not caused or authorised the issue of this Target's Statement, 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,

and takes no responsibility for any part of this Target's Statement other than any reference to its name.

Argonaut Capital Limited has given, and has not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as PearlStreet's corporate advisers in the form and context in which it is so named. Argonaut Capital Limited has not caused or authorised the issue of this Target's Statement, 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, and takes no responsibility for any part of this Target's Statement other than any reference to its name.

Link Market Services Limited has given, and has not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as PearlStreet's share registry in the form and context in which it is so named. Link Market Services Limited has not caused or authorised the issue of this Target's Statement, 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, and takes no responsibility for any part of this Target's Statement other than any reference to its name.

As permitted by ASIC Class Order 01/1543 this Target's Statement contains statements which are made, or based on statements made, in documents lodged by ALS with ASIC or given to the ASX, or announced on the Company Announcements Platform of the ASX, by ALS. Pursuant to the Class Order, the consent of ALS is not required for the inclusion of such statements in this Target's Statement. Any PearlStreet Shareholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) during the Offer Period by ringing 1300 131 678 (for calls made from within Australia) or +61 (0)2 8280 7173 (for calls made from outside Australia). (Any telephone calls to these numbers will, as required by the Corporations Act, be tape recorded, indexed and stored.)

As permitted by ASIC Class Order 03/635, this Target's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- from a public official document or a published book, journal or comparable publication.

In addition, as permitted by ASIC Class Order 07/429, this Target's Statement contains share price trading data sourced from IRESS and Bloomberg without their consent.

9.7 Publicly available information about PearlStreet

PearlStreet is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, PearlStreet is subject to the listing rules of ASX which require continuous disclosure of any information PearlStreet has that a reasonable person would expect to have a material effect on the price or value of its securities.

Copies of ASX announcements made by PearlStreet are available from ASX's website at www.asx.com.au or from PearlStreet's website at www.pearlstreet.com.au.

9.8 No other material information

This Target's Statement is required to include all the information that PearlStreet Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the 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 director of PearlStreet.

The directors of PearlStreet are of the opinion that the information that PearlStreet Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- the information contained in PearlStreet's releases to the ASX, and in the documents lodged by PearlStreet with ASIC before the date of this Target's Statement; and
- the information contained in this Target's Statement.

The directors of PearlStreet have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the directors of PearlStreet 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 statements contained in it.

In deciding what information should be included in this Target's Statement, the directors of PearlStreet have had regard to:

- the nature of the Shares;
- the matters that Shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to Shareholders' professional advisers; and
- the time available to PearlStreet to prepare this Target's Statement.

10 Glossary and interpretation

10.1 Glossary

The meanings of the terms used in this Target's Statement are set out below.

Term	Meaning
\$ or AUD	Australian dollar.
ALS	Australian Laboratory Services Pty Ltd ABN 84 009 936 029.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited ACN 008 624 691.
AWST	Australian Western Standard Time.

Term	Meaning
Bid Implementation Agreement	the bid implementation agreement dated 27 October 2009 between Campbell Brothers and PearlStreet.
Bidder's Statement	the bidder's statement of ALS dated 10 November 2009.
Board	the board of directors of PearlStreet.
Campbell Brothers	Campbell Brothers Limited ABN 92 009 657 489.
Catalyst	Catalyst Investment Managers Pty Limited ABN 43 118 410 101.
CGT	capital gains tax.
Competing Proposal	<p>means a bona fide proposal or offer by any person with respect to any transaction (by purchase, scheme of arrangement, takeover bid or otherwise) that may result in any person (or group of persons) other than Campbell Brothers or its related entities:</p> <ol style="list-style-type: none"> 1 acquiring voting power of more than 50% in PearlStreet or any subsidiary of PearlStreet; or 2 acquiring an interest in all or a substantial part of the assets of PearlStreet or any subsidiary of PearlStreet.
Corporations Act	the <i>Corporations Act 2001</i> (Cth) (as modified or varied by ASIC).
FY2009	the financial year ended on 30 June 2009.
FY2010	the financial year ending on 30 June 2010.
Notice of Status of Conditions	ALS's notice disclosing the status of the conditions to the Offer which is required to be given by section 630(3) of the Corporations Act.
Offer or ALS's Offer	the offer by ALS for PearlStreet Shares, which offer is contained in section 8.1(a) of the Bidder's Statement.
Offer Period	the period during which the Offer will remain open for acceptance in accordance with section 8.1(d) of the Bidder's Statement.

Term	Meaning
Offer Price	\$0.75 cash per Share.
PearlStreet	PearlStreet Limited ABN 97 107 329 224.
PearlStreet Option	an option, quoted on ASX, to acquire an unissued PearlStreet Share at \$0.36 per Share and expiring on 30 November 2009.
PearlStreet Share or Share	a fully paid ordinary share in PearlStreet.
Prescribed Occurrences	an occurrence listed in section 8.8(a)(iii) of the Bidder's Statement.
Recapitalisation Proposal	the proposal received by PearlStreet from Catalyst as announced to the ASX by PearlStreet on 29 September 2009.
Rights	has the meaning given in section 9.1 of the Bidder's Statement.
Shareholder	a holder of PearlStreet Shares.
Target's Statement	this document (including the attachments), being the statement of PearlStreet under Part 6.5 Division 3 of the Corporations Act.
VWAP	means the volume weighted trading average trading price of PearlStreet Shares on ASX.

10.2 Interpretation

In this Target's Statement:

- (a) Other words and phrases have the same meaning (if any) given to them in the Corporations Act.
- (b) Words of any gender include all genders.
- (c) Words importing the singular include the plural and vice versa.
- (d) An expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa.
- (e) A reference to a section, clause, attachment and schedule is a reference to a section of, clause of and an attachment and schedule to this Target's Statement as relevant.

- (f) A reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them.
- (g) Headings and bold type are for convenience only and do not affect the interpretation of this Target's Statement.
- (h) A reference to time is a reference to AWST.
- (i) A reference to dollars, \$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

11 Authorisation of Target's Statement

This Target's Statement has been approved by a resolution passed by the directors of PearlStreet. All PearlStreet directors voted in favour of that resolution.

Signed for and on behalf of PearlStreet:

date 10 November 2009

sign here ▶ 

print name D R Eiszele

position Chairman

Joint announcement of Offer

**ASX Release**

27 October 2009

**Campbell Brothers and PearlStreet agree 75 cents per share cash offer
Campbell Brothers acquires option over 19.9% of PearlStreet shares**

Campbell Brothers Limited and PearlStreet Limited today announced they have entered into a binding agreement under which PearlStreet's directors will unanimously recommend a cash takeover offer by Australian Laboratory Services Pty Ltd, a wholly owned subsidiary of Campbell Brothers, in the absence of a superior proposal. The offer will be for all of the issued share capital of PearlStreet, including shares issued following the exercise of PearlStreet options before the end of the offer period (Proposed Offer).

Perth based PearlStreet is the largest Non Destructive Testing (NDT) services provider in Australia. It provides testing, inspection, and asset care services to the energy, resources and infrastructure sectors. PearlStreet has over 500 employees across Australia, including engineers, scientists and technicians.

Campbell Brothers will offer PearlStreet shareholders a cash consideration of 75 cents per share, which represents a 142% premium to PearlStreet's 5 day volume-weighted average price (VWAP) of 31 cents prior to close of trading on 28 September 2009, the day prior to the announcement of PearlStreet's proposed recapitalisation. In addition, PearlStreet shareholders will retain the benefit of the final 2009 dividend of 1 cent per share.

The Proposed Offer for PearlStreet represents total consideration of approximately \$108.3 million, comprising \$63.7 million for equity¹ and \$44.6 million for net debt as at 30 June 2009.

Campbell Brothers' Proposed Offer will provide PearlStreet shareholders with the opportunity to realise a significant premium for all of their shares in cash.

Campbell Brothers has entered into binding option agreements with PearlStreet's major shareholder and Managing Director, Mr Anthony Wooles, in respect of 19.9% of PearlStreet's shares (on a fully diluted basis).

Greg Kilmister, Campbell Brothers' Managing Director commented:

"The acquisition of PearlStreet will provide Campbell Brothers with an excellent vehicle to grow its presence in the NDT market, and will complement our existing portfolio of testing businesses.

¹ Based on consideration under the Proposed Offer of 75 cents per share and PearlStreet ordinary shares on issue and an implied value for the options, in each case, as at 30 September 2009. The implied value for the options is calculated as the difference between the Proposed Offer price (i.e. 75 cents per share) and the exercise price (i.e. 36 cents per share).

It represents a significant step towards our goal of diversifying our analytical services business in terms of capabilities, as well leveraging our existing global footprint by expanding the NDT services to overseas markets.”

Mr David Eiszele, Chairman of PearlStreet commented:

“The board of PearlStreet considers that the Proposed Offer by Campbell Brothers, which represents a substantial increase to the premium offered in Campbell Brothers’ initial announcement on 1 October 2009, is in the best interests of all shareholders. The board unanimously recommends PearlStreet shareholders accept Campbell Brothers’ Proposed Offer, in the absence of a superior proposal. Each PearlStreet director will accept the Proposed Offer in respect of the shares they own or control, in the absence of a superior proposal.

Campbell Brothers is well placed to take the PearlStreet business to the next stage of its growth. The Proposed Offer will deliver significant benefits and opportunities for PearlStreet’s shareholders, staff and customers.”

The PearlStreet board’s formal response to the Proposed Offer will be contained in its target’s statement, to be sent to shareholders shortly.

After careful consideration, the PearlStreet board has decided to withdraw its recommendation of the previously announced recapitalisation proposal with Catalyst Investment Managers Pty Limited, as the board believes that Campbell Brothers’ Proposed Offer represents better value for PearlStreet shareholders. PearlStreet will therefore no longer proceed with the recapitalisation proposal.

The Proposed Offer will be subject to limited conditions, summarised in Annexure A, including a minimum 90% acceptance condition. The Proposed Offer will not be subject to any finance or due diligence conditions. The parties anticipate sending the offer documents to shareholders in the next two weeks.

The Bid Implementation Agreement (some of the key terms of which are summarised in Annexure B) contains customary no shop, no talk and break fee obligations and a right to match in the event of an alternative offer being made.

J.P. Morgan Australia Limited is acting as financial adviser and Minter Ellison is acting as legal adviser to Campbell Brothers. Argonaut is acting as financial adviser and Freehills is acting as legal adviser to PearlStreet.

For further information please contact:

Greg Kilmister Managing Director Campbell Brothers Limited Tel: +61 7 3367 7900	Anthony Wooles Managing Director PearlStreet Limited 08 9476 9600
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PearlStreet Limited
ABN 97 107 329 224

TEL +61 (0)3 8674 6100 FAX +61 (0)3 9599 5020
Melbourne Corporate Office – HWT Tower, Level 19, 40 City Road, Southbank VIC 3006
www.pearlstreet.com.au

Annexure A – Conditions

The Proposed Offer is subject to the fulfilment of the following conditions.

- (a) **(Minimum acceptance condition)** Before the end of the Offer Period, the Bidder and its Associates have relevant interests in at least 90% (by number) of the Shares.
- (b) **(No Target Material Adverse Change)** During and at the end of the Offer Period (each inclusive), no event, matter, change or condition occurs, is announced or becomes known to the Bidder (whether or not it becomes public) where the event, matter, change or condition has had or could reasonably be expected to have, a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the Target taken as a whole.
- (c) **(No prescribed occurrences)** During the period from the Announcement Date to the end of the Offer Period (each inclusive), none of the following occurrences (being the prescribed occurrences listed in section 652C of the Corporations Act) happens:
 - (i) the Target converts all or any of its shares into a larger or smaller number of shares under section 254H of the Corporations Act;
 - (ii) the Target or any member of the Target Group resolves to reduce its share capital in any way;
 - (iii) the Target or any member of the Target Group enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
 - (iv) the Target or any member of the Target Group issues shares (other than as a result of the exercise of the Options) or grants an option over its shares, or agrees to make such an issue or grant such an option;
 - (v) the Target or any member of the Target Group issues, or agrees to issue, convertible notes;
 - (vi) the Target or any member of the Target Group disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
 - (vii) the Target or any member of the Target Group charges, or agrees to charge, the whole, or a substantial part, of its business or property;
 - (viii) the Target or any member of the Target Group resolves to be wound up;
 - (ix) a liquidator or provisional liquidator of the Target or of any member of the Target Group is appointed;
 - (x) a court makes an order for the winding up of the Target or of a member of the Target Group;
 - (xi) an administrator of the Target or of any member of the Target Group is appointed under section 436A, 436B or 436C of the Corporations Act;
 - (xii) the Target or any member of the Target Group executes a deed of company arrangement; or
 - (xiii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of the Target or a member of the Target Group.

Annexure B – Bid Implementation Agreement

1. Summary of exclusivity arrangements

1.1. Prohibitions

PearlStreet must not and must use its best endeavours to ensure that its directors and representatives do not, directly or indirectly:

- (a) solicit or initiate any proposal or discussions by any person to make a Competing Proposal or communicate an intention to do any such things;
- (b) knowingly encourage any proposal or discussions by any person to make a Competing Proposal;
- (c) participate in any negotiations or discussions or provide any information to any person with respect to any offer or proposal to make a Competing Proposal;
- (d) accept or enter into, or offer to accept or enter into, any agreement, arrangement or understanding regarding a Competing Proposal; or
- (e) disclose any information about the business or affairs of PearlStreet to a third party (other than a government agency) other than:
 - (i) in the ordinary course of ordinary business; or
 - (ii) as required by law; or
 - (iii) under PearlStreet's existing contractual obligations; or
 - (iv) in the ordinary course of making normal presentations to brokers, portfolio investors and analysts.

However, paragraphs (c), (d) and (e) do not apply if compliance with the relevant clause would, in the opinion of the PearlStreet board reasonably formed in good faith, be likely to constitute a breach of any of the duties of the PearlStreet directors.

1.2. Ceasing existing discussions

PearlStreet and its directors and representatives must cease any existing discussions or negotiations relating to:

- (a) any Competing Proposal (including the proposal by Catalyst Investment Managers Pty Ltd); or
- (b) any transaction that may reduce the likelihood of the success of the Proposed Offer (including the previously announced recapitalisation proposal).

PearlStreet agrees that it will release Campbell Brothers from its standstill and other restrictions to the extent necessary to allow Campbell Brothers to make the Proposed Offer.

1.3. Obligations to notify

PearlStreet must immediately notify Campbell Brothers in writing of:

- (a) any approach, inquiry or proposal made to PearlStreet or its directors or representatives, regarding a potential Competing Proposal; and
- (b) any request for information relating to PearlStreet or any of its businesses or operations which PearlStreet has reasonable grounds to suspect may relate to a Competing Proposal,

unless to do so would, in the opinion of the PearlStreet board reasonably formed in good faith, be likely to constitute a breach of any of the duties of the PearlStreet directors.

1.4. Exceptions from complying with exclusivity arrangements

PearlStreet will not be obliged to comply with the exclusivity arrangements to the extent that a court or the Takeovers Panel determines that they:

- (a) constitute a breach of duty by the PearlStreet board or PearlStreet; or
- (b) constitute unacceptable circumstances within the meaning of the Corporations Act 2001; or
- (c) would be unlawful for any other reason.

1.5. End of solicitation period

PearlStreet's obligations under the exclusivity arrangements cease if:

- (a) Campbell Brothers fails to make offers pursuant to an off market takeover bid under Chapter 6 of the Corporations Act 2001 to acquire all PearlStreet shares on terms not less favourable to PearlStreet shareholders than the announced terms; or
- (b) Campbell Brothers withdraws the Proposed Offer; or
- (c) the Proposed Offer closes without satisfying any defeating conditions.

2. Break Fee**2.1. When payable**

PearlStreet must pay Campbell Brothers a break fee of \$700,000 (excluding GST) if at any time after the date of this announcement either:

- (a) any PearlStreet director withdraws or changes their recommendation that PearlStreet shareholders accept the Proposed Offer, including due to the directors or any of them recommending a superior proposal;
- (b) a condition of the Proposed Offer is breached or not fulfilled and this is materially contributed to by any action or inaction of PearlStreet;

- (c) PearlStreet is in material breach of any of its obligations under the Bid Implementation Agreement and, to the extent that the breach is capable of remedy, that breach is not remedied by PearlStreet within 10 business days of receiving written notice from Campbell Brothers identifying the breach;
- (d) PearlStreet is in material breach of any of the representations and warranties provided by it under the Bid Implementation Agreement; or
- (e) the proponent of a Competing Proposal acquires voting power of more than 10% in PearlStreet including some or all of the shares owned or controlled by a PearlStreet director.

2.2. Payment

If PearlStreet is obliged to pay the break fee to the other party, it must do so within 5 business days of receipt of a demand from Campbell Brothers for the payment of that fee.

2.3. Exceptions

To the extent that a court of the Takeovers Panel determines that any obligation of PearlStreet:

- (a) constituted, constitute or would constitute, a breach of the fiduciary duties or statutory duties of a PearlStreet director; or
- (b) constituted, constitute or would constitute, unacceptable circumstances within the meaning of the Corporations Act 2001; or
- (c) was, is or would be, unlawful for any other reason,

PearlStreet will not be required to pay the Break Fee.

3. Definitions

In this Annexure B:

Competing Proposal means a bona fide proposal or offer by any person with respect to any transaction (by purchase, scheme of arrangement, takeover bid or otherwise) that may result in any person (or group of persons) other than Campbell Brothers or its related entities:

- (a) acquiring voting power of more than 50% in PearlStreet or any subsidiary of PearlStreet; or
- (b) acquiring an interest in all or a substantial part of the assets of PearlStreet or any subsidiary of PearlStreet.

