



9 August 2006

Dear CCI Shareholder

**CCI'S TARGET'S STATEMENT IS MISLEADING AND INACCURATE
YOU SHOULD ACCEPT CBL'S OFFER**

By now you should have received a Target's Statement from CCI Holdings Limited ('CCI') in relation to the Australian Laboratory Services Pty Ltd ('CBL') offer of \$0.31 cash per share for CCI. CBL considers CCI's Target's Statement is misleading in parts, nonsensical in others and fails to justify CCI's recommendation to reject CBL's offer. ***The recommendation lacks credibility as it does not provide any meaningful assessment of the value of your CCI shares.***

You have the right to feel disappointed at the lack of any meaningful information provided by your directors. ***Your directors have also failed to acknowledge the risk that the price of CCI shares will fall if the CBL offer lapses.***

The Target's Statement confirms CBL's view that its offer is attractive.

Key reasons to accept CBL's offer:

- 1. CCI's historic financial performance is poor. CCI shareholders should question the sustainability of CCI's future earnings and any future dividends** given the company's track record and its failure to provide shareholders with any earnings guidance beyond June 2006.
- 2. CCI provides no reasonable grounds to justify a higher price for CCI.** There has been no independent valuation provided in the Target's Statement and **the comparable company analysis provided on page 7 of the Target's Statement is irresponsible and misleading** as:
 - the selected companies used by CCI to undertake the analysis are not relevant as these companies are, among other things, significantly larger with strong track records of earnings and dividends (unlike CCI); and
 - the P/E analysis provided by CCI is fundamentally flawed. CCI seeks to compare its forecast profits for the year end 30 June 2006 versus the historic profits of their selected companies artificially inflating the P/E multiples of these so called 'comparables'.
- 3. CBL's offer is not opportunistic. CBL's offer represents an attractive premium** over pre-bid prices.

The offer represents:

- a 41% premium** to the \$0.22 share price at which CCI shares were trading prior to CBL buying shares on market on 8 June 2006;
 - a 38% premium** to the \$0.225 volume weighted average price ('VWAP') for CCI shares in the month prior to 8 June 2006; and
 - a 46% premium** to the \$0.212 VWAP for CCI shares in the 3 months prior to 8 June 2006.
- 4. The market considers CBL's offer is attractive.** CBL continues to receive acceptances and acquire shares on market at \$0.31 and currently holds or has binding interests in 11.2% of CCI.
 - 5. Your directors' suggestion of 'other offers' is vague and irresponsible – despite CBL announcing its intention to bid more than 8 weeks ago, there are no other offers and the fact that CBL holds or has binding interests in 11.2% of the CCI Shares is likely to act as a strong deterrent** to any such offers. **CBL's offer is the ONLY CURRENT OFFER** capable of being accepted.

We strongly encourage you to **ACCEPT** the CBL offer which is scheduled to close at 5.00pm (AEST) on 29 August 2006.

Yours sincerely

**Geoff McGrath
Chairman
Campbell Brothers Limited**

CCI DIRECTORS HAVE PROVIDED NO GUIDANCE ON YOUR COMPANY'S PROSPECTS YOU SHOULD QUESTION THE SUSTAINABILITY OF CCI'S EARNINGS

- In assessing CCI's recent result, you should bear in mind that the so called 'record result' of 2.5 cents earnings per share was achieved in a time of unprecedented coal prices and volumes, a primary driver of CCI's performance. **Shareholders should query what value-add the Board of CCI has brought to the performance of CCI as opposed to the general improvement in industry conditions.**
- CCI is facing considerable uncertainties in the near future, creating substantial risks for CCI shareholders. The Directors of CCI have not provided shareholders with meaningful guidance as to CCI's future performance. CCI shareholders should therefore **question the sustainability of CCI's earnings and the potential for any future dividends.**
- Shareholders must also question the **motives of the Board in declaring a 1 cent dividend.** CCI's Chairman has previously acknowledged CCI's significant underinvestment in capital and shareholders should ask whether paying this dividend now is in **the best interests of all CCI shareholders and the longer term interests of CCI.**

CCI'S SHARE PRICE HAS SIGNIFICANTLY UNDERPERFORMED ASX INDICES

- **CCI has significantly underperformed relevant ASX indices since 2002.** Prior to CBL's offer the shares in CCI had not traded as high as \$0.31 since 1999.
- The offer of \$0.31 per share is not opportunistic and reflects an **attractive premium** for CCI shares. The offer is:
 - A **41% premium** to the \$0.22 share price at which CCI shares were trading prior to CBL buying shares on market on 8 June 2006
 - A **38% premium** to the \$0.225 VWAP for CCI shares in the month prior to 8 June 2006
 - A **46% premium** to the \$0.212 VWAP for CCI shares in the 3 months prior to 8 June 2006
 - A **57% premium** to the \$0.198 VWAP for CCI shares in the 6 months prior to 8 June 2006
 - A **60% premium** to the \$0.194 VWAP for CCI shares in the 12 months prior to 8 June 2006
- The claims by CCI directors that the market is yet to re-rank CCI are misleading. In March 2006 CCI released its half year result of \$1.448 million (NPAT) and announced they had renegotiated the key BHP Billiton Mitsubishi Alliance (BMA) contract at higher prices. CCI also stated in their release in March that *"the current buoyant market conditions are expected to continue for sometime"*. Surely the market would have therefore expected the FY06 result to be at least double the first half (which included some abnormal negatives) and then some. The shares were trading at \$0.22 prior to CBL beginning to acquire shares on market – **CBL's attractive offer represents a premium greater than any re-ranking by the stock market.**

YOU SHOULD ACCEPT CBL'S OFFER

CCI DIRECTORS HAVE NOT COMMISSIONED AN INDEPENDENT VALUATION OF CCI

The comparative P/E multiples used by CCI are highly misleading for two reasons:

- *Firstly*, the selected companies used by CCI to undertake the analysis are not relevant.
 - CBL is not a comparable business to CCI. CBL is a world leading, diversified industrial company that has a strong history and reputation for outperformance. Importantly, CBL is a significantly larger company than CCI with revenue in excess of \$500 million and a market capitalisation of approximately \$900 million. In contrast, CCI has a history of underperformance and a market capitalisation of only \$41 million (at the bid price of \$0.31). **Accordingly, the earnings multiple of CBL is not comparable to CCI.**
 - SGS, Worley Parsons, Transfield Services and Ammtec are also not comparable to CCI. All of these companies are significantly larger, more diverse businesses and have very strong track records of growth in profits and dividends over many years. The market capitalisations of these companies are: SGS (approximately SFr.9 Billion (AUD\$10 Billion), listed on Swiss Exchange), Worley Parsons (approximately \$4 Billion, ASX listed), Transfield Services (approximately \$1.4 Billion, ASX listed) and Ammtec (approximately \$80 Million, ASX listed). **Accordingly the earnings multiples of these companies are not comparable to CCI.**
- *Secondly* the P/E analysis provided by CCI is fundamentally flawed. CCI seeks to compare its **forecast** profits for the year end 30 June 2006 against the **historic** profits of the selected companies for the 12 month period ended 31 December 2005 (except for CBL which is for the 12 months ended 31 March 2006). That is, CCI is not comparing like for like which has the impact of **artificially inflating the P/E multiples of these so called 'comparables'**.
- **CCI shareholders should query why the CCI Board has not commissioned an independent valuation of CCI to support their conclusion that CBL's offer is inadequate.**

THE MARKET RECOGNISES THAT CBL'S OFFER IS ATTRACTIVE

- It is misleading to suggest that the stock market does not recognise that CBL's offer is attractive. Since announcement of its offer CBL has been acquiring shares *on market* at \$0.31 as recently as 28 July 2006.
- Since announcement of the offer, **only 25,000 shares have traded at \$0.35** and the **Volume Weighted Average Price for CCI shares is \$0.3188** (as at the close of trading on 8 August 2006).
- Prior to CBL's bid, **CCI shares were trading at \$0.22**. It is likely that, if CBL's bid lapses then CCI shares will fall below the \$0.31 per share offer price.

YOU SHOULD ACCEPT CBL'S OFFER

THE OFFER IS NOT HIGHLY CONDITIONAL

- CBL's offer is a cash offer and provides CCI shareholders with certainty. CBL is a major global industrial company. It has financing in place for the specific purpose of funding this offer.
- The conditions attached to the offer are standard bid conditions and may be waived by CBL during the bid process. The offer is therefore not 'highly' conditional.

YOU SHOULD PROPERLY CONSIDER CBL'S OFFER

- It is important that you properly consider CBL's offer. **All CCI shareholders have the right to decide whether they hold or sell their shares, unaffected by the decision of individual CCI directors or related shareholders.**
- CBL's intention is to grow CCI by making it truly international. As such this will create significant career opportunities for many CCI employees and in fact lead CBL to recruit additional resources to allow it to achieve its objectives.

WHERE ARE CCI'S GROWTH OPPORTUNITIES?

- CCI participates in a highly competitive global market often against much larger and significantly more financially resourced competitors.
- CCI claims it has a 45% share of the Australian market and is the market leader. Shareholders should therefore ask *where CCI's growth opportunities will come from?* CCI has a history of getting it wrong overseas and would not have the time or capital to develop significant overseas markets.
- We refer again to the generous premium offered by CBL over the historical share price – **the offer of \$0.31 per share reflects an attractive premium for your CCI shares.**

CBL'S OFFER IS THE ONLY CURRENT OFFER

- CCI claims to have received some interest from other potential parties. If any such interest exists, the CCI board should adhere to their continuous disclosure obligations and immediately advise the ASX of such interest so that CCI shareholders can make a fully informed decision on the offer.
- In the absence of proper and responsible disclosure, CCI shareholders can only assume that such interest is speculative at best. **CBL's offer of \$0.31 is the ONLY CURRENT OFFER able to be accepted by all CCI shareholders.**
- CBL currently holds or has binding interests in 11.2% in CCI and this is likely to act as a deterrent to any other potential bidders.
- **CCI's comment regarding the forfeiture of dividend is a red herring. It is incorrect and misleading.** The one cent dividend declared by CCI will only be paid to persons holding CCI shares on 1 November 2006. As CBL's offer closes on 29 August 2006, no dividends will have been paid prior to closure of the CBL offer (unless extended). As a result CCI shareholders will not be forfeiting the declared dividend should they accept the CBL offer.

Key Dates

Bidder's statement lodged	4 July 2006
Date of offer	18 July 2006
Target's Statement lodged	2 August 2006
Offer closes – 5.00pm (AEST) unless extended	29 August 2006

How to ACCEPT

Your acceptance must be received before the offer closes at **5.00pm AEST on 29 August 2006**, unless the offer period is extended. Depending on the nature of your holding, you may accept CBL's offer in the following ways:

CHES holding

If your CCI Shares are sponsored by a broker or other CHES participant or if you are a broker or non-broker participant:

- complete the acceptance form previously provided in accordance with the instructions on the form and send it in the reply paid envelope previously provided; or
- instruct your controlling participant to initiate acceptance of CBL's offer.

Issuer sponsored holding

If your CCI Shares are sponsored directly by CCI or certificated:

- complete the acceptance form in accordance with the instructions on the form; and
- send it with your CCI Share certificates (if any) and all other documents required by the instructions on the acceptance form in the reply paid envelope previously provided.

Further Information

If you have any questions about how to accept CBL's offer, or CBL's offer generally, please call the **Shareholder Information Helpline on 1300 367 574** (for callers within Australia) or +61 3 9415 4182 (for callers outside Australia) or email at companysecretary@campbell.com.au.

Investment Decisions

This document does not take into account the individual investment objectives, financial situation or particular needs of each CCI shareholder or any other person. You should consider seeking independent financial and taxation advice before making a decision as to whether or not to accept the offer.

YOU SHOULD ACCEPT CBL'S OFFER