

MALLESONS STEPHEN JAQUES

Company Announcements Manager
ASX Limited
20 Bridge Street
SYDNEY NSW 2000
By fax 1300 135 638

18 December 2008

Pages: 13 (including covering page)

Dear Sir / Madam

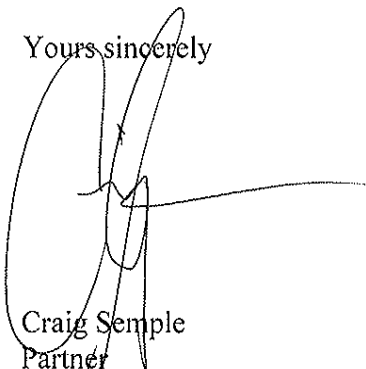
Vectis Group Pty Ltd - Takeover bid for Espreon Limited (ACN 090 651 700)

We act for Vectis Group Pty Ltd (ACN 124 666 806) (**Vectis**) in relation to its off-market takeover bid under Chapter 6 of the Corporations Act 2001 (Cwlth) (**Corporations Act**) for all shares in Espreon Limited (ACN 090 651 700) (**Espreon**) (**Offer**).

In accordance with subsection 647(3)(b) of the Corporations Act, we enclose a copy of our client's first supplementary bidder's statement dated 18 December 2008 in relation to the Offer (**Supplementary Bidder's Statement**).

The Supplementary Bidder's Statement was lodged with Espreon and the Australian Securities and Investments Commission earlier today.

Yours sincerely



Craig Semple
Partner
Direct line +61 3 9643 4262
Email craig.semple@mallesons.com



Tim Downing
Solicitor
Direct line +61 3 9643 4374
Email tim.downing@mallesons.com

This document is a supplementary bidder's statement (**Supplement**) to the bidder's statement dated 5 December 2008 (**Bidder's Statement**) issued by Vectis Group Pty Ltd (ACN 124 666 806) (**Vectis**) and lodged with the Australian Securities and Investments Commission (**ASIC**) on 5 December 2008, in relation to the offer by Vectis (**Offer**) for the fully paid ordinary shares in Espreon Limited (ACN 090 651 700) (**Espreon**).

This Supplement supplements, and is to be read together with, the Bidder's Statement lodged with ASIC.



**SUPPLEMENTARY BIDDER'S STATEMENT
18 December 2008**

in respect of the offer by

Vectis Group Pty Ltd ACN (124 666 806)

for the fully paid ordinary shares in

Espreon Limited (ACN 090 651 700)

Unless the context requires otherwise, defined terms in the Bidder's Statement have the same meaning in this Supplement. This Supplement prevails to the extent of any inconsistency with the Bidder's Statement.

A copy of this Supplement was lodged with ASIC on 18 December 2008. Neither ASIC nor any of its officers takes any responsibility for the contents of this Supplement.

1 Amendments to Bidder's Statement

The Bidder's Statement is amended as set out below.

1.1 Cover Page

- (a) Delete the words "This will be increased to \$0.42 cash if Vectis acquires a Relevant Interest in 90% or more of Espreon Shares and becomes entitled to proceed to compulsory acquisition";
- (b) Replace the sentence beginning "The Offer is dated..." with the following:

"The Offer is dated 22 December 2008 and is scheduled to close at 7.00pm (Melbourne time) on 30 January 2009, unless extended or withdrawn."

1.2 Important Notice

On page 1, replace the second and third paragraphs under the "Important Notice" heading with the following:

"This Bidder's Statement is dated 18 December 2008 and replaces the original Bidder's Statement dated 5 December 2008. It includes an Offer dated 22 December 2008 on the terms set out in Appendices 1 and 2 of this Bidder's Statement.

A copy of the original Bidder's Statement was lodged with ASIC on 5 December 2008 and this replacement Bidder's Statement was lodged with ASIC on 18 December 2008. ASIC takes no responsibility for the content of this Bidder's Statement."

1.3 Letter from the Vectis directors

- (a) On page 2, in the letter from the directors of Vectis:
 - (i) replace the date of the letter of "5 December 2008" with "18 December 2008";
 - (ii) at the end of the first paragraph insert a footnote containing the words:

"Given certain statements made by Specified Shareholders, this may only occur if Vectis varies the Offer."
 - (iii) insert a footnote in the first bullet point after the words "and the Offer price is increased to \$0.42 cash per share," containing the words:

"Given certain statements made by Specified Shareholders, this may only occur if Vectis varies the Offer."
 - (iv) replace the words contained in the second bullet point with:

"the Offer will deliver value in cash to Shareholders (upon becoming unconditional). If the Offer is declared unconditional, all validly accepting Shareholders will be paid within 5 Business Days of that declaration or of their valid acceptance (whichever is the later);"

- (v) insert the words “, Vectis believes that” in the last sentence in the third bullet point after the words “In these circumstances”;
 - (vi) at the beginning of the fourth bullet point insert the words “Vectis believes that”.
- (b) On page 3:
- (i) at the end of the paragraph which commences with the words “Detailed information regarding the Offer...” insert the words “Two of these shareholders have stated that they will not accept the current Offer. However, Vectis may choose to waive any or all conditions, or any breach of a condition, in accordance with the Offer. Vectis may also vary the Offer in accordance with the Corporations Act. You should refer to section 1.1 of this Bidder’s Statement which contains information as to the status of this condition.”;
 - (ii) delete the words “*Vectis will waive all other conditions (unless any have been previously breached or become incapable of fulfilment) if it receives acceptances in respect of all Espreon Shares in which the five major Espreon shareholders have a Relevant Interest.*”.

1.4 Table of Contents

Replace the Contents table with:

Letter from the Directors	2
How to accept this Offer	5
Why you should accept the Offer by Vectis	6
Frequently Asked Questions	15
1 Overview of the Offer	17
2 Information about Vectis	21
3 Information about Espreon	23
4 Intentions of Vectis	26
5 Share capital information	31
6 Funding	34
7 Taxation considerations	35
8 Additional information	38
9 Glossary	44
10 Approval of Bidder’s Statement	49
Appendix 1 - Formal terms of the Offer	50
Appendix 2 - Conditions of the Offer	63

1.5 Key Dates

On page 4, replace the table under the heading “Key Dates” with the following:

Announcement Date	28 November 2008
Date of the original Bidder’s Statement	5 December 2008
Date of this replacement Bidder’s Statement	18 December 2008
Date of Offer	22 December 2008
Offer closes (unless extended or withdrawn)	7.00pm (Melbourne time) 30 January 2009

1.6 How to accept this Offer

On page 5, replace the reference to “[●]” in the paragraph below the sub-heading “*If you hold your Espreon Shares in an Issuer Sponsored Holding*” with “30 January 2009”.

1.7 Why you should accept the Offer by Vectis

- (a) In the first section titled “The recently announced sale of Espreon’s Corporate Services and Billback businesses confirms a dramatic reduction in the value of Espreon”:
- (i) replace the heading with the words:
- “Vectis believes that the recently announced sale of Espreon’s Corporate Services and Billback businesses and other factors suggests a dramatic reduction in the value of Espreon”;**
- (ii) at the end of the revised heading insert a footnote containing the words:
- “The information that has been presented in this section (“Vectis believes that the recently announced sale of Espreon’s Corporate Services and Billback businesses and other factors suggests a dramatic reduction in the value of Espreon”) of the Bidder’s Statement is provided to assist Espreon shareholders in considering the attractiveness of the Offer particularly given circumstances which have changed since the independent expert’s valuation prepared by Lonergan Edwards dated 3 October 2008 that was included in the Scheme Booklet. Nothing in this section should be interpreted as Vectis undertaking an independent valuation of Espreon or updating the Lonergan Edwards valuation. Espreon shareholders can determine for themselves whether the information presented is relevant in assessing the merits of the Offer.”;
- (iii) replacing all the existing words, graphs and charts after the second bullet point with:
- “■ This recently announced sale of the Corporate Services and Billback businesses by Espreon was also at a substantial discount

to the value attributed to those businesses in the independent expert's report prepared by Lonergan Edwards dated 3 October 2008 and included in the Scheme Booklet prepared by Espreon and issued on 15 October 2008.¹ The independent expert estimated in that report a value for the Corporate Services and Billback businesses in the range \$25.7 million-\$30.2 million. The price at which Espreon has agreed to sell the businesses to Reckon (\$18 million) is between 30% and 40.4% less than the range of values estimated by the independent expert. Espreon has failed to explain to shareholders the reasons why the value of those businesses has so dramatically deteriorated over such a short period of time since the issue of the previous Lonergan Edwards report and to thereby justify the price at which Espreon agreed to sell the relevant businesses.

Accordingly, Vectis is not able to determine the extent to which the factors which have caused the dramatic reduction in the value of the Corporate Services and Billback businesses will also have impacted the valuation of the remaining Espreon businesses. However, Vectis considers that any factors which have contributed to the dramatic reduction in the value of the Corporate Services and Billback businesses are unlikely to be quarantined to those businesses and will be of relevance to the remaining Espreon businesses. To this end, Vectis notes that in Espreon's announcement of its results for the 3 months to 30 September 2008, the Corporate Services and Billback businesses (on a combined basis) had performed better than the Property Services business (for each, compared to previous equivalent 3 month period ended 30 September 2007).

Espreon has not provided any further update on the trading performance of the businesses beyond 30 September 2008.

- However, Vectis considers that there are reasonable grounds to believe that the value of the Property Services business will have also declined since the preparation of the Lonergan Edwards Independent Expert's Report dated 3 October 2008 having regard to:
 - the substantial decline in equity markets since 3 October 2008, with the S&P/ASX Small Ordinaries Index having fallen 34% between that date and close of trade on 27 November 2008;
 - the deterioration in the trading performance of the Property Services business for the quarter ended 30 September 2008 relative to the same 3 month period ended 30 September 2007 (approximately 10% lower); and

¹ To view a copy of the independent expert's report, please refer to the Scheme Booklet which can be accessed through the "Announcements" page on www.asx.com.au (ASX code: EON).

- the continued deterioration of general economic conditions.”.
- (b) In the second section titled “The offer delivers fair value for your Espreon Shares”:
- (i) in the heading to this section replace the word “offer” with “Offer”;
 - (ii) at the end of the heading insert a footnote containing the words:

“The information that has been presented in this section (“The offer delivers fair value for your Espreon Shares”) of the Bidder’s Statement reflects the beliefs of Vectis and are provided to assist Espreon shareholders in considering the attractiveness of the Offer particularly given circumstances which have changed since the independent expert’s valuation prepared by Lonergan Edwards dated 3 October 2008 that was included in the Scheme Booklet. Nothing in this section should be interpreted as Vectis undertaking an independent valuation of Espreon or updating the Lonergan Edwards valuation. Espreon shareholders can determine for themselves whether the information presented is relevant in assessing the merits of the Offer.”;
 - (iii) replace the words in the first bullet point with:

“As set out above, in Vectis’ view the sale of Espreon’s Corporate Services and Billback businesses for \$18 million suggests a dramatic reduction in the value of Espreon.”;
 - (iv) in the third sentence of the third bullet point, replace the word “is” with “had”;
 - (v) in the final bullet point:
 - (A) delete the second sub-bullet point;
 - (B) replace the words in the old fifth sub-bullet point (the new fourth sub-bullet point) with:

“the extremely difficult trading conditions facing Espreon into the foreseeable future as recognised by the company in its trading update announcement on 4 November 2008; and”.
- (c) In the third section titled “The Offer represents a highly attractive premium”:
- (i) in the second bullet point insert a footnote at the end of each sub-bullet point containing the words:

“Given certain statements made by Specified Shareholders, this may only occur if Vectis varies the Offer.”
 - (ii) in the final bullet point, delete all the words and the sub-bullet points commencing from the words “Applying this decline to the pre-announcement...”;

- (iii) insert a bullet point after the final bullet point with:
 - “■ Vectis believes that in the absence of this Offer, it is likely that the Espreon Share price will fall materially if no other transaction for the control of Espreon is proposed or announced.”.
- (d) In the fourth section titled “The Offer delivers certain cash value”:
 - (i) delete the word “certain” from the heading;
 - (ii) delete the word “certain” in the first bullet point;
 - (iii) add a footnote at the end of the first bullet point containing the words:

“Given certain statements made by Specified Shareholders, this may only occur if Vectis varies the Offer.”;
 - (iv) delete the entire second bullet point;
 - (v) delete the words “the certainty of” from the original fourth bullet point (now the third bullet point);
 - (vi) replace the word “is” with “it” in the third last bullet point.

1.8 Frequently asked questions

In the list of questions and answers which make up the Frequently asked questions, in the:

- (a) question column of the first question insert “?” after the words “What is the Offer”;
- (b) answer to the question “What is the Offer?”, at the end of the second paragraph insert a footnote containing the words:

“Given certain statements made by Specified Shareholders, this may only occur if Vectis varies the Offer.”;
- (c) answer column to the question “When does the Offer close?” replace the reference to “[●]” with “30 January 2009”;
- (d) question column of the question “Are there any conditions to the Offer” insert “?” after the words of that question;
- (e) in the answer column to the question “Are they any conditions to the Offer?”:
 - (i) insert after the first sentence “A summary of the conditions and their status is also set out in section 1.1 of the Bidder’s Statement”;
 - (ii) delete the words “*Vectis will waive all other conditions (unless any have been previously breached or become incapable of fulfilment) if the condition that acceptances are received in respect of all Espreon Shares in which a Specified Shareholder has a Relevant Interest is fulfilled.*”.

1.9 Overview of the Offer

- (a) In section 1.1:
- (i) in the second paragraph under the sub-heading "Offer" replace the reference to "[●]" with "11 December 2008";
 - (ii) at the end of the second paragraph under the sub-heading "Consideration" insert a footnote containing the words:

"Given certain statements made by Specified Shareholders, this may only occur if Vectis varies the Offer.";
 - (iii) in the paragraph under the sub-heading "Offer Period" replace the reference to "[●]" with "30 January 2009".
 - (iv) replace the paragraph under the sub-heading "Waiver of conditions" with:

"Vectis may choose to waive any or all conditions, or any breach of a condition, in accordance with the Offer.

On 3 December 2008, Espreon announced that two Specified Shareholders, Hunter Hall Investment Management Limited and LUT Investments Pty Limited, had informed Espreon that they will not accept the current Offer. If this is treated as a "last and final statement", this would mean that the condition set out in (a) of Appendix 2 will not be satisfied and that Vectis would not be able to acquire a Relevant Interest in 90% or more of Espreon Shares or become entitled to proceed to compulsory acquisition. In turn, this would mean that the increased consideration of \$0.42 would not be payable by Vectis. However, as stated in section 8.2 and in accordance with clause 6.4 of the Offer Terms, Vectis retains the ability to waive condition (a) (and any or all other conditions) at any time no later than 7 days before the end of the Offer Period. The statement made by the two Specified Shareholders is confined to the current Offer. Vectis may also vary the Offer in accordance with the Corporations Act. Vectis reserves the right to so waive and this statement does not in any way constitute any waiver of any condition or breach of any condition in any respect whatsoever. This means that any increase in the Offer price or any waiver of conditions to the Offer is entirely at the discretion of Vectis.

Vectis has previously stated that it will *waive all other conditions* (unless any have been previously breached or become incapable of fulfilment) *if the condition requiring acceptance of the Offer in respect of all Espreon Shares in which a Specified Shareholder has a Relevant Interest is fulfilled*. As stated above, the two Specified Shareholders have stated that they will not accept the current Offer. Vectis may choose to waive any or all conditions, or any breach of a condition, in accordance with the Offer. Vectis may also vary the Offer in accordance with the Corporations Act."

- (b) In the first bullet point in section 1.2 replace "[●]" with "30 January 2009".

1.10 Intentions

- (a) At the end of the sentence in section 4.3(a), insert a footnote containing the following words:

“Given certain statements made by Specified Shareholders, this may only occur if Vectis varies the Offer.”;

- (b) Replace the first paragraph in section 4.4 with:

“This section sets out the intentions of Vectis if it were to declare the Offer unconditional, but not be entitled to compulsorily acquire the outstanding Espreon Shares on or before the end of the Offer Period but, by virtue of acceptance of the Offer, Vectis gained effective control of Espreon. Vectis reserves its right to declare the Offer unconditional.”;

- (c) After section 4.4, insert a new section 4.5 as follows:

“4.5 Where Vectis does not obtain effective control

If Vectis were to declare the Offer unconditional and did not obtain effective control of Espreon, it does not currently intend to seek the appointment of any directors to the Board of Espreon and will monitor the performance of Espreon as would any significant shareholder.

The limitations on intentions expressed in section 4.4(e) above also apply. Vectis reserves its right to declare the Offer unconditional.”

1.11 Share capital information - Options

In the footnote which follows the statement “a further 2,412,827 Espreon Options” at the beginning of section 5.1(b), replace the words “2008 Annual report” with “2008 Annual Report”.

1.12 Vectis funding

In section 6.2, delete the “)” after the words “an entity controlled by Alan Schwartz” in the first paragraph.

1.13 Australian resident shareholders

In the first paragraph in section 7.3:

- (a) in the first line replace the word “a” with “an”;
- (b) at the end of the last line delete the “)” after the words “or in later income years”.

1.14 Non-resident Shareholders

In the fifth paragraph in section 7.4, replace the words “If you hold a “non-portfolio” interest...” with the words “If you hold a “non-portfolio interest”...”.

1.15 ASIC modification

In section 8.1:

- (a) in sub-paragraph (a) insert the words “(ASIC Class Order 01/1542)” before the “,”;
- (b) in sub-paragraphs (b)-(e) insert the words “(ASIC Class Order 01/1543)” before the “,” in each of those sub-paragraphs;
- (c) delete all of the text in sub-paragraph (f);
- (d) in the old sub-paragraphs (g) and (h) (new sub-paragraphs (f) and (g)) insert the words “(ASIC Class Order 01/1543)” before the “,” in each sub-paragraph;
- (e) in the old sub-paragraph (i) (new sub-paragraph (h)) insert the words “(ASIC Class Order 00/2338)” before the “.” at the end of that sub-paragraph.

1.16 Status of conditions

In section 8.2(b):

- (a) at the end of the second paragraph, insert a footnote containing the words:

“Given certain statements made by Specified Shareholders, this may only occur if Vectis varies the Offer.”;
- (b) after the fourth paragraph (which commences with “Notwithstanding this,”) insert as new paragraphs:

“On 3 December 2008, Espreon announced that two Specified Shareholders, Hunter Hall Investment Management Limited and LUT Investments Pty Limited, had informed Espreon that they will not accept the current Offer. If this is treated as a “last and final statement”, this would mean that the condition set out in (a) of Appendix 2 will not be satisfied and that Vectis would not be able to acquire a Relevant Interest in 90% or more of Espreon Shares or become entitled to proceed to compulsory acquisition. In turn, this would mean that the increased consideration of \$0.42 would not be payable by Vectis. However, as stated above and in accordance with clause 6.4 of the Offer Terms, Vectis retains the ability to waive condition (a) (and any or all other conditions) at any time no later than 7 days before the end of the Offer Period. The statement made by the two Specified Shareholders is confined to the current Offer. Vectis may also vary the Offer in accordance with the Corporations Act. Vectis reserves the right to so waive and this statement does not in any way constitute any waiver of any condition or breach of any condition in any respect whatsoever. This means that any increase in the Offer price or any waiver of conditions to the Offer is entirely at the discretion of Vectis.

Vectis notes that it may choose to waive any or all conditions, or any breach of a condition, in accordance with the Offer.”.

1.17 Glossary

In section 9 in the definition of:

- (a) **GST**, insert “.” at the end of the definition;
- (b) **Offer Period**, replace the words “period commencing on [●] and ending at 7.00pm (Melbourne time) on [●] 2009,” with the words “period commencing on 22 December 2008 and ending at 7.00pm (Melbourne time) on 30 January 2009.”;
- (c) **Vectis**:
 - (i) delete the comma after the word “Ltd”;
 - (ii) insert “(” before the word “ACN”;
 - (iii) insert “)” after the number “806”.

1.18 Approval of Bidder’s Statement

In section 10:

- (a) replace the first paragraph with:

“The Bidder’s Statement that is to be lodged with ASIC has been approved by resolution passed the directors of Vectis on 18 December 2008.”;
- (b) replace “Date: 5 December 2008” with “Date: 18 December 2008”.

1.19 Appendix 1 - Formal terms of the offer

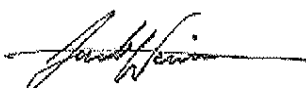
- (a) in the first paragraph in clause 1 replace “[●]” with “11 December 2008”;
- (b) in clause 3:
 - (i) in the first paragraph replace “[●]” with “22 December 2008”;
 - (ii) in sub-clause (a) replace “[●] 2009” with “30 January 2009”;
- (c) in clause 4.1:
 - (i) replace “[●] 2009” with “30 January 2009”;
 - (ii) replace the words “lodged at to the address listed below” with the words “lodged at an address listed below”;
- (d) in clause 4.3(a) replace the word “Starts” with the word “starts”;
- (e) in clause 4.3(c) replace “Starts” with the word “starts”;
- (f) in clause 5.7(b) replace the words “*Charter of the United National*” with the words “*Charter of the United Nations*”;
- (g) in clause 6.5 replace “[●]” with “22 January 2009”;

- (h) in clause 7.3(f)(iv)(A)(ac) insert the word “the” between “...any such director is entitled to act in” and “interests of Vectis as the beneficial owner...”.

2 Authorisation

This Supplement has been approved by a resolution passed by the directors of Vectis.

Signed on behalf of Vectis.



Jacob Weinmann

Director