

**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.**

**BIDDER'S STATEMENT**

**Accept**

**the Offer by  
Chandler Macleod Group Limited**

ABN 33 090 555 052

**to purchase all of your ordinary shares in  
Ross Human Directions Limited**

ABN 25 003 758 709

**This Offer is unanimously recommended by RHD's directors,  
in the absence of a superior proposal.**

Chandler Macleod Offer Information Line 1300 042 494 (toll free for callers within Australia)  
and +61 3 9938 4359 (for callers outside Australia)

This Offer closes at 7.00pm (Sydney time) on 31 January 2011, unless extended

## Key dates

Date of this Bidder's Statement	8 December 2010
Date of Offer	10 December 2010
Offer closes (unless extended or withdrawn)	7pm (Sydney time) on 31 January 2011

## Key Contacts

Share registrar for the Offer  
Computershare Investor Services Pty Limited  
GPO Box 52  
Melbourne VIC 3001  
Australia

Chandler Macleod Offer Information Line\*  
1300 042 494 (toll free)  
for callers within Australia  
+61 3 9938 4359 for callers outside Australia

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\* Calls to these numbers may be recorded.

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NORTH SYDNEY · NSW 2060 · AUSTRALIA

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## Chairman's Letter

8 December 2010

Dear Shareholder

### TAKEOVER BID FOR ROSS HUMAN DIRECTIONS LIMITED

I am pleased to enclose Chandler Macleod's offer to acquire all of your RHD shares.

The consideration offered under the bid is your choice between \$0.73 cash or 1.759 Chandler Macleod shares for each RHD share. In addition, if we reach the 90% compulsory acquisition level by the close of the offer, we will increase the consideration to \$0.75 cash or 1.807 Chandler Macleod shares for each RHD share, for all shareholders.

The independent expert appointed by the RHD directors has concluded that Chandler Macleod's cash offer is fair and reasonable for RHD shareholders, in the absence of a superior proposal.

The directors of RHD have recommended unanimously that shareholders accept the offer in respect of the Cash Consideration and each director who owns or controls shares intends to accept the offer in respect of those shares, in the absence of a superior proposal.

Furthermore, the founder and major shareholder of RHD, Ms Julia Ross, who controls a stake of approximately 44.6% of issued shares, has provided a pre-bid commitment to Chandler Macleod over 19.9% of issued shares at \$0.73 cash per share.

The consideration of \$0.73 per share represents an 89.6% premium over the RHD share price before the original Peoplebank proposal was announced on 19 July 2010. It also represents a 7.2% increase over the 5 day average share price of RHD immediately prior to the scheme meeting on 11 November 2010 to vote on the Peoplebank scheme of arrangement. Should we reach compulsory acquisition, that premium would increase to over 10%.

Chandler Macleod is one of Australasia's leading workforce management and advisory companies. We offer a complete and fully integrated human resources outsourcing service encompassing blue-collar, white-collar, executive and professional recruitment and contracting, throughout Australia and New Zealand. We also offer consulting services including psychometric assessment, management, leadership and organisational development, executive coaching, outplacement, career transition, talent management and redeployment.

We believe that, once implemented, the transaction will create significant value for shareholders of Chandler Macleod and RHD and create a larger entity which will offer scale and greater opportunities to benefit all ongoing stakeholders. The combined entity will be the largest listed Australian recruitment company in terms of breadth of client offering, and the second largest in terms of revenues.

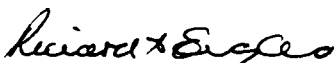
To minimise the possibility of further ownership uncertainty for the RHD business and employees, Chandler Macleod's offer is conditional on us acquiring a relevant interest in at least 50.1% of RHD shares by the later of 24 December 2010 or the date which is 10 days after the offers have been dispatched. The other conditions of the offer are set out in section 12.8 of this booklet.

I strongly encourage you to accept Chandler Macleod's offer, preferably before 24 December 2010 and in any event no later than the date the offer closes, which is 31 January 2011. To accept, please follow the instructions on the accompanying Acceptance Form.

I also encourage you to read this Bidder's Statement for more details about the offer and about Chandler Macleod.

If you have any additional queries in relation to the offer or you would like additional copies of the Bidder's Statement or the Acceptance Form, please contact the Chandler Macleod Offer Information Line on 1300 042 494 (within Australia) and +61 3 9938 4359 (outside Australia) or consult your legal, financial or other professional advisor. The Chandler Macleod Offer Information Line will be available between 9.00 am and 5.00 pm (AEST) Monday to Friday.

Yours sincerely



**Richard England**  
Chairman

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## Important notices

### NATURE OF THIS DOCUMENT

This Bidder's Statement is issued by Chandler Macleod Group Limited ABN 33 090 555 052 (**Chandler Macleod**) under Part 6.5 of the Corporations Act 2001.

A copy of this Bidder's Statement was lodged with ASIC on 8 December 2010. Neither ASIC nor its officers takes any responsibility for the content of this Bidder's Statement.

### INVESTMENT ADVICE

In preparing this Bidder's Statement, Chandler Macleod has not taken into account the individual objectives, financial situation or needs of individual RHD Shareholders. Accordingly, before making a decision whether or not to accept the Offer, you may wish to consult with your financial or other professional adviser.

### DISCLAIMER AS TO FORWARD LOOKING STATEMENTS

Some of the statements appearing in this Bidder'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 RHD and Chandler Macleod and the members of the Chandler Macleod Group operate 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 Chandler Macleod, the officers or employees of Chandler Macleod, any persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder'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 Bidder's Statement reflect views held only as at the date of this Bidder's Statement.

### DISCLAIMER AS TO RHD AND MERGED GROUP INFORMATION

The information on RHD, RHD's securities and RHD Group contained in this Bidder's Statement has been prepared by Chandler Macleod using publicly available information and limited information made available to Chandler Macleod by RHD.

The information in this Bidder's Statement concerning RHD and the assets and liabilities, financial position and performance, profits and losses and prospects of the RHD Group, has not been independently verified by Chandler Macleod. Accordingly Chandler Macleod does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

The information on the Merged Group contained in this Bidder's Statement, to the extent that it incorporates or reflects information on RHD and RHD Group, has also been prepared using publicly available information and limited information made available to Chandler Macleod by RHD. Accordingly, information in relation to the Merged Group is subject to the foregoing disclaimer to that extent.

Further information relating to RHD's business may be included in RHD's target's statement which RHD must provide to its shareholders in response to this Bidder's Statement.

### FOREIGN JURISDICTIONS

The distribution of this Bidder's Statement in jurisdictions outside Australia may be restricted by law, 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 securities laws. This Bidder's Statement does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify Chandler Macleod or to otherwise permit a public offering of Chandler Macleod Shares outside Australia. Chandler Macleod Shares have not been, and will not be, registered under the United States Securities Act of 1933 (**Securities Act**) and may not be offered or sold in the United States or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the Securities Act), except in a transaction exempt from the registration requirements of the Securities Act and applicable United States state securities laws.

## PRIVACY

Chandler Macleod has collected your information from the RHD register of shareholders for the purpose of making this Offer and, if accepted, administering acceptances of the Offer in respect of your holding of RHD Shares. The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Chandler Macleod's related bodies corporate and external service providers, and may be required to be disclosed to regulators such as ASIC. The registered address of Chandler Macleod is Level 8, 32 Walker Street, North Sydney, NSW, Australia 2060.

## DEFINED TERMS

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 13 of this Bidder's Statement, words and phrases in this Bidder's Statement have the same meaning and interpretation as in the Corporations Act.



## Why you should accept the Offer

### THE RHD BOARD UNANIMOUSLY RECOMMENDS YOU ACCEPT THE OFFER

The RHD Board has unanimously recommended that RHD Shareholders accept the Offer in respect of the Cash Consideration, in the absence of a superior proposal.

All RHD directors intend to accept the Offer for all the RHD Shares they own or control, in the absence of a superior proposal.

### THE OFFER HAS THE SUPPORT OF RHD'S LARGEST SHAREHOLDER

RHD's largest shareholder, Ms Julia Ross, supports the Offer. On 1 December 2010, as part of finalising arrangements under which Chandler Macleod agreed to make the Takeover Bid, Ms Ross granted a call option deed in favour of Chandler Macleod over 19.9% of RHD Shares.

Chandler Macleod believes that the support of Ms Ross, who is also the managing director and founder of RHD, illustrates that the Offer consideration provides RHD Shareholders with an opportunity to receive premium value for their RHD Shares.

### THE OFFER REPRESENTS AN ATTRACTIVE PREMIUM TO RECENT TRADING PRICES

The Offer of \$0.73 per RHD Share represents an 89.6% premium over the RHD share price before the original Peoplebank proposal was announced on 19 July 2010.

The RHD share price traded below the Peoplebank offer for much of the period immediately before the 11 November 2010 scheme meeting was to be held to vote on that offer. In the 5 trading days before that meeting, the average share price of RHD was approximately \$0.68 per share.

The Offer of \$0.73 represents a premium of over 7% to that level, and the compulsory acquisition level of \$0.75 would represent a premium of over 10% of that level.

### YOU WILL RECEIVE CERTAIN VALUE FOR YOUR RHD SHARES

For those RHD Shareholders who elect to receive the Cash Consideration, the Offer of \$0.73 cash per RHD Share provides the certainty of cash value (subject to the conditions of the Offer being satisfied or waived).

This removes your risks and uncertainties associated with a continued holding in RHD, and offers the following benefits:

- exiting a relatively illiquid stock; and
- exiting without paying brokerage.

You will be paid within one month after the latter of the receipt of your acceptance and the date on which the Offer becomes unconditional and, in any event, within 21 days after the end of the Offer Period (subject to the conditions being satisfied or waived).

### RHD'S SHARE PRICE IS LIKELY TO FALL IN THE ABSENCE OF THE OFFER

If the Offer does not proceed and no other offers are made for RHD Shares, it is likely that RHD's share price will fall below the current trading price.

The average share price for the 5 trading days before the scheduled Peoplebank scheme meeting on 11 November 2010 was \$0.681, which is substantially lower than the \$0.73 cash under the Offer, or \$0.75 should sufficient RHD Shareholders accept the Offer to allow for compulsory acquisition by the close of the Offer.



### POTENTIAL CGT RELIEF

If you accept the Offer and elect to receive the Scrip Consideration, you may be eligible for CGT roll-over relief if the disposal of your RHD Shares gives rise to a capital gain, provided that Chandler Macleod becomes the owner of 80% or more of the RHD Shares.

Information in relation to CGT roll-over relief and general Australian taxation implications of accepting the Offer are set out in sections 9.4(b) and 10.

### BENEFITS OF RECEIVING SCRIP CONSIDERATION

For those RHD Shareholders who elect to receive Scrip Consideration, the combination of Chandler Macleod and RHD is expected to result in:

- reduced operational risk (switching into a larger and more diversified entity);
- reduced share price risk (given relative liquidity of the combined entity versus RHD); and
- improved share price performance.

### INCREASED BUSINESS SCALE

The Merged Group would have had combined revenues of approximately \$1.2 billion in the 2010 financial year and will be a significant market participant in the recruitment industry. The increased market capitalisation of the Merged Group should also lead to increased liquidity in Chandler Macleod Shares.

### 50.1% MINIMUM ACCEPTANCE CONDITION EXPECTED TO BE MET

The Offer is subject to a condition that Chandler Macleod reaches control of 50.1% of RHD Shares by the later of 24 December 2010 and the date which is 10 days after the Offers are dispatched. Chandler Macleod has made its bid subject to this condition as it wanted to ensure that the on-going ownership uncertainty for RHD was ended as soon as practicable and before the Christmas and New Year holidays. Chandler Macleod was concerned that this uncertainty could have an adverse effect on the RHD business.

Chandler Macleod is confident that the minimum acceptance condition will be satisfied given:

- the statement made by Julia Ross, as a director of RHD, that she intends to accept the Offer (in the absence of a superior proposal) and the pre-bid commitment she has given over 19.9%. Ms Ross controls 44.59% of RHD Shares;
- the statement made by the other directors of RHD that they intend to accept the offer (in the absence of a superior proposal). They control a further 0.63% of RHD Shares; and
- a statement made by Mr VJ Plummer that he intends to exercise a call option he holds over 3,700,000 (or 4.43%) and accept the Offer before 24 December 2010.

These statements cover 49.65% of RHD Shares.

## 1. Summary of the offer

<b>What Chandler Macleod is offering to buy</b>	<p>Chandler Macleod is offering to buy all RHD Shares on the terms set out in this Bidder's Statement.</p> <p>You may only accept this Offer in respect of all the RHD Shares held by you.</p>
<b>What you will receive if you accept the Offer</b>	<p>If you accept the Offer, subject to the satisfaction of the conditions of the Offer, you will have a choice of receiving:</p> <ul style="list-style-type: none"><li>• \$0.73 cash for each of Your Shares; or</li><li>• 1.759 Chandler Macleod Shares for each of Your Shares.</li></ul> <p>In addition, if Chandler Macleod reaches the compulsory acquisition threshold of having a relevant interest in 90% or more of RHD Shares by the close of the Offer, Chandler Macleod will increase the consideration to:</p> <ul style="list-style-type: none"><li>• \$0.75 cash for each of Your Shares; or</li><li>• 1.807 Chandler Macleod Shares for each of Your Shares.</li></ul> <p>You must elect whether you wish to receive the Cash Consideration or the Scrip Consideration when you complete your Acceptance Form.</p> <p>If you do not make an election or your election is invalid, you will be deemed to have elected to receive the Cash Consideration.</p> <p>If the election of the Scrip Consideration results in an entitlement to a fraction of a Chandler Macleod Share, that fractional entitlement:</p> <ul style="list-style-type: none"><li>• which is 0.5 or greater will be rounded up to the nearest whole number of Chandler Macleod Shares; and</li><li>• which is less than 0.5 will be rounded down to the nearest whole number of Chandler Macleod Shares.</li></ul>
<b>The RHD Board has recommended the Offer</b>	<p>The RHD Board has unanimously recommended that RHD Shareholders accept the Offer in respect of the Cash Consideration, in the absence of a superior proposal, and each director who owns or controls RHD Shares intends to accept the bid for those shares, in the absence of a superior proposal.</p>
<b>When you will be paid</b>	<p>Generally, Chandler Macleod will pay the consideration due to you or, if elected by you, issue the Chandler Macleod Shares to you under the Offer on or before the earlier of:</p> <ul style="list-style-type: none"><li>• one month after this Offer is accepted or one month after all of the conditions have been waived or fulfilled (whichever is the later); and</li><li>• 21 days after the end of the Offer Period.</li></ul> <p>Full details of when consideration will be provided are set out in Section 12.6 of this Bidder's Statement.</p>

**No brokerage on acceptances** You will not pay brokerage if you accept the Offer. Any such costs will be borne by Chandler Macleod.

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**Close of the Offer** The Offer closes at 7.00pm (Sydney time) on 31 January 2011, unless it is extended under the Corporations Act.

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**There are some conditions to the Offer** The Offer is subject to a number of conditions, including:

- 50.1% minimum acceptance to be satisfied by the later of:
  - 24 December 2010; or
  - the date which is 10 days after the Offer is dispatched;
- Chandler Macleod obtaining any regulatory approvals required for the Offer and no regulatory action in respect of the Offer;
- no Material Adverse Change in relation to RHD;
- no rights being exercised under any existing RHD funding arrangements;
- no market disruption;
- absence of 'prescribed occurrences';
- no Major Transactions undertaken by RHD; and
- no other person making a takeover bid for RHD.

*Full terms of the conditions are set out in Section 12.8 of this Bidder's Statement.*

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**How you accept the Offer** You may only accept the Offer for all your RHD Shares.

**Issuer sponsored shareholders**  
If your RHD Shares are held on RHD's issuer sponsored subregister (such holdings will be evidenced by an 'I' appearing next to your holder number on the enclosed Acceptance Form), to accept this Offer, you must complete and sign the Acceptance Form enclosed with this Bidder's Statement and return it, along with any other documents required to be returned with your Acceptance Form, to the address indicated on the form before the Offer closes.

**CHESs sponsored shareholders**  
If your RHD Shares are in a CHESs Holding (such holdings will be evidenced by an 'X' appearing next to your holder number on the enclosed Acceptance Form), you may accept the Offer by either:

- completing and signing the Acceptance Form enclosed with this booklet and returning it to the address indicated on the form; or
- calling your broker and instructing your Controlling Participant (normally your broker) to accept the Offer on your behalf,

before the Offer closes.

**Participants**  
If you are a Participant, acceptance of this Offer must be initiated in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the Offer closes.

Full details on how to accept the Offer are set out in Section 12.3 of this Bidder's Statement.

**Where to go for further information**

For queries on how to accept the Offer, see the enclosed Acceptance Form or call the Chandler Macleod Offer Information Line on 1300 042 494 (toll free for callers within Australia) and +61 3 9938 4359 (for callers outside Australia).

For queries in relation to your RHD shareholding, call Computershare Investor Services Pty Limited on 1300 850 505.

For all other queries in relation to the Offer, please contact the Chandler Macleod Offer Information Line on 1300 042 494 (toll free for callers within Australia) and +61 3 9938 4359 (for callers outside Australia).

Please note that any calls to the above numbers may be recorded. Inquiries in relation to the Offer will not be received on any other telephone numbers of Chandler Macleod or its advisers.

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**Important notice**

The information in this Section 1 is a summary only of Chandler Macleod's Offer and is qualified by the detailed information set out elsewhere in this Bidder's Statement. You should read the entire Bidder's Statement and the target's statement that RHD will shortly be sending to you, before deciding whether to accept the Offer.

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## 2. Information on Chandler Macleod

### 2.1 OVERVIEW OF CHANDLER MACLEOD

The bidder under the Offer is Chandler Macleod Group Limited.

Chandler Macleod is one of Australasia's leading workforce advisory and management companies. Chandler Macleod offers a complete and fully integrated recruitment and human resource outsourcing service across blue-collar, white-collar, executive and professional recruitment and contracting, in both Australia and New Zealand. In addition, Chandler Macleod offers consulting services encompassing psychometric assessment, management and organisational development, executive coaching, outplacement, career transition, talent management and redeployment.

Chandler Macleod operates through the following key business segments:

Founded in 1959, Chandler Macleod's approach and systems seek to provide organisations with employees and contractors who are safer, better trained and best suited to the organisational culture in which they are working.

With over 50 branches across Australia and New Zealand and over 700 full-time employees, Chandler Macleod offers clients the reach they need for sourcing new talent, managing their existing workforce and assessing and developing their company leaders and culture.

Key Operating Segments		FY2010 Revenue (A\$m)	FY2010 EBITDA (A\$m)
<b>Workforce</b>	Provides blue collar semi-skilled and unskilled contingent workforces for the industrial sector.	527.0	14.8
<b>Recruitment</b>	Provides white collar permanent and temporary recruitment services.	254.1	7.5
<b>Consulting</b>	Provides assessment and HR consulting services.	17.9	0.2
<b>OCG</b>	New Zealand based white collar and IT recruitment provider.	17.4	1.3



## 2.2 DIRECTORS OF CHANDLER MACLEOD

Brief profiles of the directors of Chandler Macleod as at the date of this Bidder's Statement are as follows:

### **Richard England FCA, MAICD**

Appointed a Director on 27 February 2008 and became Chairman on 2 May 2008.

Richard is a member of the Audit and Risk Management Committee and Chairman of the Remuneration and Nomination Committee.

Richard brings to Chandler Macleod over 30 years of experience in the accounting and financial services profession as well as broad management experience. Until 1994, he spent most of his professional career with Peat Marwick and Ernst & Young and its predecessor firms, first becoming a partner in 1982. He practiced in the areas of Corporate Recovery and Restructuring.

Richard is currently Chairman of Ruralco Holdings Limited and Non-Executive Director of Choiseul Investments Limited, Macquarie Atlas Roads Limited and Nanosonics Limited. He is a former director of St. George Bank Limited (from September 2004 until December 2008) and Healthscope Limited (from October 1996 until October 2010).

### **John Plummer BCom, MBA, FCIS**

Appointed a Director on 30 May 2005.

John has over 20 years' experience in the recruitment industry. He is a former National President of the Recruitment and Consulting Services Association, the peak body of the employment services industry in Australia and New Zealand.

From 1 September 2007, John became a Non-Executive Director and a member of the Remuneration and Nomination Committee. He has been Chairman of the Audit and Risk Management Committee since April 2009.

John is Chairman of London City Equities Ltd (Director since November 2004 and Chairman since November 2007) and is a Non-Executive Director of Belmont Holdings Ltd (since November 2004).

He is also Director of Professional Associations Super Ltd.

### **Mark Carnegie BA, BSc, Master of Jurisprudence**

Appointed a Director on 6 February 2009.

Since that time, Mark has been a member of the Remuneration and Nomination Committee.

Mark has had nearly 25 years' experience as an investor and corporate adviser in New York, London and Sydney. He was a principal of Carnegie, Wylie & Company (CWC) before the acquisition of that business by Lazard Limited. Mark is CEO of LCW Private Equity (LCWPE), Lazard's Australian private equity business, which manages a fund that is a substantial shareholder of Chandler Macleod. Mark is a Director of LCWPE, Macquarie Radio Network Ltd and a large number of private companies.

### **David Birkbeck BCom, ACA**

Appointed as Alternate Director to Mark Carnegie on 27 October 2009.

David was the Chief Financial Officer and Company Secretary of Lazard's Australian Corporate Advisory business and LCWPE's business for 8 years and worked in the Chartered Accounting Profession for over 10 years, prior to joining CWC in 2001 before CWC's sale to Lazard in 2007.

David is currently a director of 4RF Communications Ltd, Matilda Rose Early Intervention Centre Ltd and numerous private companies and until recently was a director of Dun & Bradstreet Australia.

### **Ian Basser BA**

Appointed Managing Director and CEO on 3 July 2008.

Ian has over 20 years' experience in starting, running and building service companies around the world including Australia, Hong Kong, China, Singapore, USA, UK and Europe. Previously, Ian was on the global management team of Michael Page International, managing operations in Australia, Asia and North America.

He was Chief Operating Officer and Board Director of Harvey Nash, running operations in the UK, Europe and the US for 3 years. Prior to joining Chandler Macleod, Ian spent 4 years establishing and developing the Mettle Group as a leading strategic leadership and culture consultancy.

## 2.3 HISTORY AND OPERATIONS OF CHANDLER MACLEOD

### (a) History

Chandler Macleod was founded in 1959 and was built on the psychological assessment of employees and candidates to ensure the best possible people were sourced, assessed and developed.

More than 50 years on, the company has diversified and expanded its business to provide workforce management, recruitment and consulting services to some of the largest companies and organisations in Australasia.

Chandler Macleod has been listed on the Australian Stock Exchange since 2005.

### (b) Operations

Chandler Macleod is one of Australasia's leading workforce advisory and management companies. Chandler Macleod partners with clients to source the right people; assess their organisation and their people; and develop and manage their workforce.

Chandler Macleod operates through the following segments:

#### (1) Workforce

Chandler Macleod provides sourcing, assessment, development and management of unskilled, semi-skilled and skilled workforces for our clients.

Chandler Macleod has extensive experience across a range of industries, and works with clients to manage all or part of their contingent workforce requirements.

#### (2) Recruitment

Chandler Macleod provides temporary, contract and permanent white collar recruitment services.

Chandler Macleod has extensive experience across a range of industries and expertise by discipline, and works with clients to fulfil both their permanent and contingent workforce requirements.

A key factor which differentiates Chandler Macleod from its competitors is its BestFit™ methodology, which involves the assessment of each candidate to provide clients with a deep understanding of how the candidate may fit a specific role and within the broader organisation.

#### (3) Consulting

With decades of experience in rigorously assessing and developing individuals and organisations, Chandler Macleod has an unparalleled level of understanding of people's behaviours, key motivations, limitations and development opportunities.

Chandler Macleod applies this knowledge to assist organisations:

- assess their talent; and
- develop their talent.

#### (4) OCG

Chandler Macleod owns OCG Limited. OCG Limited provides temporary, contract and permanent white collar recruitment and consulting services in New Zealand.



## 2.4 FINANCIAL INFORMATION ON CHANDLER MACLEOD

### (a) Basis of presentation of historical financial information

The historical financial information below relates to Chandler Macleod on a stand alone basis and accordingly does not reflect any impact of the Offer. It is a summary only and the full financial accounts for Chandler Macleod for the financial periods described below, which include the notes to the accounts, can be found in Chandler Macleod's annual reports for those periods. The historical financial information is shown on a consolidated basis.

### (b) Historical financial information of Chandler Macleod

#### (1) Balance Sheet

The summarised historical balance sheets of Chandler Macleod as at 30 June 2009 and as at 30 June 2010 set out below has been extracted from the audited consolidated balance sheets as at 30 June 2009 and 30 June 2010, the latter being the last balance date prior to the date of this Bidder's Statement.

Balance Sheet	Consolidated 2010 - \$'000	Consolidated 2009 - \$'000
<b>Current assets</b>		
Cash and cash equivalents	514	158
Trade and other receivables	83,153	78,776
Prepayments and other current assets	2,291	1,556
<b>Total current assets</b>	<b>85,958</b>	<b>80,490</b>
<b>Non-current assets</b>		
Other financial assets	133	7,666
Property, plant and equipment	4,327	6,868
Intangible assets and goodwill	115,934	115,981
Deferred tax assets	4,348	8,589
<b>Total non-current assets</b>	<b>124,742</b>	<b>139,104</b>
<b>Total assets</b>	<b>210,700</b>	<b>219,594</b>
<b>Current liabilities</b>		
Trade and other payables	31,350	30,479
Interest-bearing loans and borrowings	24,113	33,986
Income tax payable	830	6
Provisions	12,816	22,104
	69,109	86,575
Liabilities directly associated with discontinued operations	1,079	-
<b>Total current liabilities</b>	<b>70,188</b>	<b>86,575</b>
<b>Non-current liabilities</b>		
Trade and other payables	-	704
Interest-bearing loans and borrowings	3	3,801
Deferred tax liabilities	661	799
Provisions	1,129	1,429
<b>Total non-current liabilities</b>	<b>1,793</b>	<b>6,733</b>
<b>Total liabilities</b>	<b>71,981</b>	<b>93,308</b>
<b>Net assets</b>	<b>138,719</b>	<b>126,286</b>
<b>Equity</b>		
Contributed equity	137,967	151,269
Retained earnings	-	(25,485)
Reserves	752	502
<b>Total equity</b>	<b>138,719</b>	<b>126,286</b>



## (2) Statements of Comprehensive Income

The summarised historical statements of comprehensive income of Chandler Macleod for the periods ended 30 June 2009 and 30 June 2010 shown below have been extracted from the audited consolidated statements of comprehensive income for the years ended 30 June 2009 and 30 June 2010.

Statement of Comprehensive Income	Consolidated 2010 - \$'000	Consolidated 2009 - \$'000
<b>Continuing Operations</b>		
Revenue	817,074	834,763
Other income	827	1,186
Contractor and other direct costs	(697,343)	(703,917)
Employee benefits expense	(73,482)	(92,951)
Administration costs	(23,049)	(28,823)
Other costs	(1,547)	(2,536)
Earnings before interest, tax, depreciation & amortisation (EBITDA)	22,480	7,722
Depreciation and amortisation expense	(5,704)	(6,825)
Earnings before interest & tax (EBIT)	16,776	897
Finance costs	(2,803)	(4,753)
Profit/(loss) from continuing operations before income tax	13,973	(3,856)
Income tax (expense)/benefit	(4,311)	167
Net profit/(loss) from continuing operations after income tax	9,662	(3,689)
<b>Discontinued operations</b>		
Profit/(loss) from discontinued operations after income tax	4,026	(9,637)
Net profit/(loss) for the year	13,688	(13,326)
<b>Other comprehensive income</b>		
Foreign currency translation	(63)	128
<b>Total comprehensive income for the year</b>	<b>13,625</b>	<b>(13,198)</b>
Earnings/(loss) per share from profit/(loss) from continuing operations (cents)		
Basic earnings/(loss) per share	2.39	(1.25)
Diluted earnings/loss per share	2.30	(1.25)
Earnings/(loss) per share (cents)		
Basic earnings/(loss) per share	3.38	(4.51)
Diluted earnings/loss per share	3.26	(4.51)

**(c) Management commentary on historical results**

The year ended 30 June 2010 produced a strong turnaround. Chandler Macleod delivered a record profit after tax of \$13.7 million, comprising \$9.7 million from continuing business (an increase of 362%) as well as \$4 million from the discontinued Defence Force Recruiting (DFR) contract.

Revenue for the year was down 2% due to the lingering effect of the Global Financial Crisis in the first half of the year, however, EBITDA from continuing business grew to \$22.5 million or 192% up on the 2009 financial year. This increased profitability is a direct result of the restructuring efforts undertaken during the 2009 financial year.

The decrease in sales was more than offset by the full year impact of structural changes undertaken in 2009. Chandler Macleod streamlined its management structure, reduced personnel numbers, and undertook a cost reduction program. The full year impact of these initiatives was a reduction in costs of \$27 million across Chandler Macleod.

In New Zealand, the OCG recruitment business delivered a significant turnaround in operating performance despite a very subdued economic environment. Higher sales and excellent cost management resulted in an EBITDA of \$1,259,211 for the year (EBITDA loss for 2009: \$1,110,538).

Chandler Macleod continued to develop long term workforce management contracts across a diverse range of industries with a particular strength in the mining industry. The Workforce Management business delivered \$526,971,790 revenue for the 2010 financial year (2009: \$561,995,000). In 2010 the business accounted for 64% of Chandler Macleod's revenue.

A rebound in Chandler Macleod's white collar contract labour business and a strong recovery in the demand for permanent recruitment services delivered good revenue growth for the Recruitment division. The division continued to invest in talent acquisition and development to ensure it can take advantage of any further improvement in economic conditions.

In December 2009, Chandler Macleod and the Department of Defence completed negotiations for the early termination of the DFR contract. Transition out of the DFR contract was completed on 1 February 2010 and the DFR contract terminated on 1 May 2010. Chandler Macleod's operating performance since 1 July 2009 delivered over 90% of target achievement in roles filled during the period to

1 February 2010. This resulted in higher recruitment fees and a lower loss outcome from operating the DFR contract. In addition, the termination costs were lower than expected due to the smooth transition of sub-contractors, recruitment staff and properties. As a result of this strong performance, Chandler Macleod reversed \$5,752,052 (\$4,026,437 after tax) of the provision for onerous contracts made at 30 June 2009.

## 2.5 PUBLICLY AVAILABLE INFORMATION ABOUT CHANDLER MACLEOD

Chandler Macleod 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, Chandler Macleod is subject to the listing rules of ASX which require continuous disclosure of any information Chandler Macleod has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

ASX maintains files containing publicly disclosed information about all listed companies. Chandler Macleod's file is available for inspection at ASX during normal business hours.

In addition, Chandler Macleod is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Chandler Macleod may be obtained from, or inspected at, an ASIC office.

On request to Chandler Macleod and free of charge, RHD Shareholders may obtain a copy of:

- the annual financial report of Chandler Macleod for the year ended 30 June 2010 (being the annual financial report most recently lodged with ASIC before lodgement of this Bidder's Statement with ASIC); and
- any continuous disclosure notice given to ASX by Chandler Macleod since the lodgement with ASIC of the 2010 annual report for Chandler Macleod referred to above and before lodgement of this Bidder's Statement with ASIC.

A substantial amount of information about Chandler Macleod is available in electronic form from [www.chandlermacleod.com](http://www.chandlermacleod.com).

### 3 Information on Chandler Macleod's securities

#### 3.1 CHANDLER MACLEOD'S ISSUED SECURITIES

As at the date of this Bidder's Statement, Chandler Macleod's issued securities consisted of:

- 424,527,061 Chandler Macleod Shares; and
- 2,000,000 share options.

#### 3.2 RIGHTS AND LIABILITIES ATTACHING TO CHANDLER MACLEOD SHARES

##### (a) Introduction

The rights and liabilities attaching to the Chandler Macleod Shares which will be issued as the consideration under the Offer are set out in Chandler Macleod's constitution and in the Corporations Act.

The main rights and liabilities attaching to the Chandler Macleod Shares are summarised below.

##### (b) Meetings of shareholders and voting rights

Each Chandler Macleod shareholder is entitled to receive notice of, attend and vote at general meetings of Chandler Macleod.

At a general meeting, every person present who is a Chandler Macleod shareholder or a proxy, attorney or representative of a Chandler Macleod shareholder and is entitled to vote on the resolution has one vote on a show of hands and one vote on a poll for each fully paid Chandler Macleod Share held (with adjusted voting rights for partly paid shares).

Voting at any general meeting of Chandler Macleod shareholders is by a show of hands unless a poll is demanded by the chairperson, at least two Chandler Macleod shareholders entitled to vote on the resolution, Chandler Macleod shareholders holding at least 5% of the total voting rights of all Chandler Macleod shareholders having the right to vote on the resolution, or by any one or more shareholder holding Chandler Macleod Shares on which an aggregate sum has been paid up equal to at least 10% of the total sum paid up on all Chandler Macleod Shares conferring a right to vote at the meeting.

A poll demanded at a general meeting on the election of a chairperson or a question of adjournment must be taken immediately.

##### (c) Dividends

The directors of Chandler Macleod may from time to time declare a dividend to be paid to shareholders entitled to the dividend (including paying any interim dividends).

Each Chandler Macleod Share has the same dividend rights, subject to any special rights or restrictions attached to the shares (with adjusted dividend rights for partly paid shares).

##### (d) Winding up

If Chandler Macleod is wound up, the liquidator may, with the sanction of a special resolution, divide among the Chandler Macleod shareholders the whole or any part of Chandler Macleod's property and decide how the division is to be carried out as between the Chandler Macleod shareholders.

##### (e) Transfer of Chandler Macleod Shares

Chandler Macleod shareholders may transfer their Chandler Macleod Shares in accordance with the ASX Settlement Operating Rules (if applicable), by any form that the directors approve or by any method recognised by the Corporations Act, ASX Settlement or ASX.

The directors may decline to register a transfer of Chandler Macleod Shares if permitted to do so by the Listing Rules and must decline to register any transfer of Chandler Macleod Shares if required by the Listing Rules or if the transfer is in breach of the Listing Rules or a restriction agreement, and must give notice of such refusal.

##### (f) Alteration of capital

By ordinary resolution, Chandler Macleod can create, consolidate, divide or subdivide Chandler Macleod's share capital and cancel any Chandler Macleod Shares that have been forfeited.

##### (g) Variation of rights attaching to a class

Unless otherwise provided in the terms of issue of a class of shares, the rights attached to the class may be varied or abrogated only with the written consent of the holders of at least 75% of the issued Chandler Macleod Shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the issued Chandler Macleod Shares of that class.

##### (h) Unmarketable parcels

The directors may sell Chandler Macleod Shares held by a Chandler Macleod shareholder which constitute less than a marketable parcel, provided they follow the procedure set out in clauses 2.13 to 2.15 of the constitution.

### 3.3 SHARE AND OPTION PLANS

As at the date of this Bidder's Statement, Chandler Macleod currently has the following share and option plans in place:

(a) **Senior Executive Share Plan (SESP)**

The SESP commenced on 17 December 2007 and is an incentive plan for meeting certain performance conditions, designed to encourage the retention of executives considered important to the future performance of Chandler Macleod.

During the 2010 financial year, Chandler Macleod allocated 8,875,092 Chandler Macleod Shares under the SESP, which will vest in the next three years, subject to the relevant person still being employed at the time of vesting.

(b) **Senior Executive Option Plan (SEOP)**

Share options may be granted to senior executives under the SEOP, which commenced on 21 November 2007. Options granted under the SEOP vest in two equal tranches (being 50% after 3 years from offer and 50% after 4 years from offer), conditional on the option holder being an employee of Chandler Macleod at the time of vesting. The options expire 7 years from the date of offer.

The exercise prices and expiry dates for the Chandler Macleod options on issue as at the date of this Bidder's Statement are as follows:

Exercise price	Expiry date	Numbers issued
\$1.10	21 November 2014	1,000,000
\$1.10	27 February 2015	1,000,000

### 3.4 SUBSTANTIAL HOLDERS IN CHANDLER MACLEOD SHARES

As at the date of this Bidder's Statement, so far as known to Chandler Macleod based on publicly available information, there are no substantial holders of Chandler Macleod Shares, except as set out below:

Substantial holder	Number of Chandler Macleod Shares <sup>1</sup>	Voting power <sup>2</sup>
Lazard Carnegie Wylie	177,662,619	41.85%
John Charles Plummer Gold Tiger Investments Pty Ltd	72,768,772	17.14%
Victor John Plummer	76,000,000	17.90%
CPU Share Plans Pty Ltd (CMG SESP Account)	21,699,984	5.11%

*Notes:*

<sup>1</sup> Based on the number of Chandler Macleod Shares held as at 30 November 2010.

<sup>2</sup> Calculated using the number of Chandler Macleod Shares on issue as at 30 November 2010.

## 4 Information on RHD and RHD Group

### 4.1 OVERVIEW OF RHD

RHD is an Australian public company listed on the ASX and is a provider of full service recruitment and HR Consulting services, covering all aspects of human resources management including outsourcing, payroll services and managed training services. RHD operates at 26 locations in Australia, Hong Kong, Ireland, New Zealand, Singapore and England.

### 4.2 DIRECTORS

As at the date of this Bidder's Statement, the directors of RHD are:

- Julia Mary Ross, Deputy Chairman, Managing Director
- Fergus Allan McDonald, Chairman
- Eileen Joy Doyle, Non-Executive Director
- Tim Trumper, Non-Executive Director

### 4.3 HISTORY, OPERATIONS AND OWNERSHIP OF RHD

#### (a) History

RHD (formerly Julia Ross Recruitment Limited) began as a single service business in 1988 and has developed into a full service business, listing on the ASX in 2000.

In October 2001, RHD acquired the Pricewaterhouse Coopers Executive Recruitment business which was rebranded as Firstwater Executive Pty Limited.

In June 2004, RHD acquired Spherion Group. This strengthened RHD's position as a key player in recruitment, technology and HR management in the region.

In October 2007, RHD acquired Aurion Corporation, a leading developer of HR Management Software.

#### (b) Operations

RHD operates through two segments: recruitment and non-recruitment.

RHD's recruitment services operates through the Ross and Julia Ross brands:

- (1) Ross specialises in white-collar HR, providing recruitment services in the executive, graduate, ICT, specialist and professional sectors.
- (2) Julia Ross is a leading provider of temporary, contract and permanent recruitment services in administration, office support, call centre, customer service, hospitality, retail, health support and banking support.

Non-recruitment consists of technology consulting and management solutions, managed training solutions, payroll outsourcing and the sale of payroll software.

#### (c) Ownership

RHD currently has 83,498,383 RHD Shares on issue.

As at the date of this Bidder's Statement, based on information disclosed to ASX, there are no substantial holders of RHD Shares except as set out below:

Substantial holder	Number of RHD Shares	Voting power
J M Ross	37,230,159	44.59%
Chandler Macleod <sup>1</sup>	16,616,178	19.90%
Corom Pty Limited <sup>2</sup>	16,596,237	19.88%

Notes:

<sup>1</sup>This is attributed to the call-option deed entered into by Ms Julia Ross in favour of Chandler Macleod as a pre-bid commitment and not through a separate holding of RHD Shares. See 5.4 for more information.

<sup>2</sup>Subject to a put and call option with Mr Victor J Plummer over 3,700,000 RHD Shares.

#### 4.4 FINANCIAL INFORMATION ON RHD

(a) **Basis of presentation of historical financial information**

The historical financial information below relates to RHD on a stand alone basis and accordingly does not reflect any impact of the Offer. It is a summary only and the full financial accounts for RHD for the financial periods described below, which include the notes to the accounts, can be found in RHD's annual reports for those periods.

(b) **Historical financial information on the RHD Group**

(1) **Statement of financial position**

The summarised historical statement of financial position of the RHD Group as at 30 June 2010 set out below has been extracted from the audited consolidated statement of financial position of RHD as at 30 June 2010, being the last balance date prior to the date of this Bidder's Statement.

Statement of financial position	Consolidated 2010 - \$'000
<b>Current assets</b>	
Cash and cash equivalents	7,646
Trade and other receivables	53,189
<b>Total current assets</b>	<b>60,835</b>
<b>Non-current assets</b>	
Other financial assets	-
Property, plant and equipment	1,187
Deferred tax assets	5,285
Intangible assets	14,097
<b>Total non-current assets</b>	<b>20,569</b>
<b>Total assets</b>	<b>81,404</b>
<b>Current liabilities</b>	
Trade and other payables	28,915
Borrowings	302
Current tax liabilities	280
Provisions	1,568
<b>Total current liabilities</b>	<b>31,065</b>
<b>Non-current liabilities</b>	
Payables	92
Borrowings	4,814
Deferred tax liabilities	1,170
Provisions	1,609
<b>Total non-current liabilities</b>	<b>7,685</b>
<b>Total liabilities</b>	<b>38,750</b>
<b>Net assets</b>	<b>42,654</b>
<b>Equity</b>	
Contributed equity	23,004
Reserves	(946)
Retained profits	20,596
<b>Total equity</b>	<b>42,654</b>

## (2) Income Statements

The summarised historical income statements of RHD for the periods ended 30 June 2009 and 30 June 2010 shown below have been extracted from the audited consolidated income statements for the years ended 30 June 2009 and 30 June 2010.

Income Statements	Consolidated 2010 - \$'000	Consolidated 2009 - \$'000
<b>Revenue from continuing operations</b>	373,859	392,974
Other income	1	63
Costs of temporary staff and other services	(315,372)	(327,321)
Employee benefits expense	(32,996)	(38,281)
Depreciation and amortisation expenses	(2,586)	(3,422)
Reduction in the carrying amount of goodwill due to the realisation of acquired tax losses	-	(682)
Finance costs	(1,198)	(2,231)
Other expenses	(12,548)	(15,397)
<b>Profit before income tax</b>	9,160	5,703
Income tax expense	(2,254)	(1,630)
<b>Profit attributable to equity holders of Ross Human Directions Limited</b>	6,906	4,073
Earnings per share for profit attributable to the ordinary equity holders of the company		
Basic earnings per share	8.3	4.9
Diluted earnings per share	8.3	4.9



#### 4.5 DISCLAIMER

The information on RHD has been prepared by Chandler Macleod using publicly available information. The information has not been independently verified and Chandler Macleod does not make any representation or warranty, express or implied, as to the accuracy or completeness of that information.

The information on RHD in this Bidder's Statement should not be considered comprehensive.

Further information relating to RHD's business may be included in RHD's target statement which RHD must provide to RHD Shareholders in response to this Bidder's Statement.

#### 4.6 PUBLICLY AVAILABLE INFORMATION ABOUT RHD GROUP

RHD 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, RHD is subject to the listing rules of ASX which require continuous disclosure of any information RHD has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

ASX maintains files containing publicly disclosed information about all listed companies. RHD's file is available for inspection at ASX during normal business hours.

In addition, RHD is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by RHD may be obtained from, or inspected at, an ASIC office.

A substantial amount of information about RHD is available in electronic form from [www.rosshumandirections.com](http://www.rosshumandirections.com).

### 5 Information on RHD's securities

#### 5.1 RHD'S ISSUED SECURITIES

According to documents provided by RHD to ASX, as at the date of this Bidder's Statement, RHD's issued securities consisted of 83,498,383 RHD Shares.

#### 5.2 RHD'S SHARE AND OPTION PLAN

According to documents provided by RHD to ASX, RHD currently has no options on issue. However, RHD does have a Long Term Senior Executive Share Plan (LTSESP) in place.

The LTSESP commenced in 2007 and is designed to provide long-term incentives for senior executives to deliver long-term shareholder returns. Under the plan, participants are granted RHD Shares that vest if certain performance standards are met and the participant is still employed by RHD at the end of the vesting period.

Under the LTSESP, RHD Shares granted will vest over a 36-month period if growth in basic earnings per share is equal to or greater than:

- 7% (one third of shares available are to be vested);
- 8% (two thirds of shares available are to be vested); or
- 9% (full allocation of shares available to be vested).

The breakdown of vested, unvested and unallocated shares held for the purposes of the LTSESP are as follows:

Status	Numbers issued
Vested	326,668
Unvested	209,996
Unallocated	2,597,559
<b>TOTAL</b>	<b>3,134,223</b>

#### 5.3 INTERESTS IN RHD'S SECURITIES

As at the date of this Bidder's Statement and the date of the Offer:

- Chandler Macleod's voting power in RHD is 19.90%; and
- Chandler Macleod had a relevant interest in 16,616,178 RHD Shares.



#### 5.4 DEALINGS IN RHD SHARES

Neither Chandler Macleod nor any associate of Chandler Macleod has provided, or agreed to provide, consideration for RHD Shares under any purchase or agreement during the 4 months before the date of this Bidder's Statement except as described below.

On 1 December 2010, Julia Ross granted a call-option under a deed in favour of Chandler Macleod in respect of 16,616,178 RHD Shares (representing 19.9% of the RHD Shares). The deed provides that:

- Chandler Macleod is granted the option to purchase the shares at a price of \$0.73 each; and
- Ms Ross can accept the Offer before the option is exercised and, at that point, the option can no longer be exercised.

#### 5.5 NO PRE OFFER BENEFITS

During the period of 4 months before the date of this Bidder's Statement, and the period from the date of this Bidder's Statement to the date before the date of the Offer, neither Chandler Macleod nor any associate of Chandler Macleod gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an associate of the other person, to:

- accept the Offer; or
- dispose of RHD Shares,

and which is not offered to all holders of RHD Shares under the Offer.

#### 5.6 NO ESCALATION AGREEMENTS

Neither Chandler Macleod nor any associate of Chandler Macleod has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

## 6 Sources of consideration

### 6.1 TOTAL CONSIDERATION

The consideration for the acquisition of the RHD Shares to which the Offer relates will be satisfied either:

- by the payment of cash for each RHD Share; or
- by the issue of Chandler Macleod Shares.

The maximum amount of cash that Chandler Macleod would be required to pay under the Offer if acceptances are received for all RHD Shares on issue as at the date of this Bidder's Statement and if all accepting RHD Shareholders elect to receive the Cash Consideration is approximately \$61 million, together with transaction costs.

The maximum number of Chandler Macleod Shares which would be issued under the Offer if acceptances are received in respect of all RHD Shares on issue as at the date of this Bidder's Statement if all accepting RHD Shareholders elect to receive Scrip Consideration is approximately 146 million Chandler Macleod Shares. However, it is not anticipated that Chandler Macleod will be required to issue this amount of Chandler Macleod Shares under the Takeover Bid.

Chandler Macleod has the capacity to issue the maximum number of Chandler Macleod Shares which it may be required to issue under the Offer.

### 6.2 SOURCES OF CASH CONSIDERATION

#### (a) Identity of persons to provide cash consideration

The Cash Consideration payable under the Offer will be fully funded through new external debt facilities with National Australia Bank Limited (NAB), details of which are disclosed in Section 6.2(b), which are available to meet Chandler Macleod's obligations under the Offer. These facilities will replace those currently in place with Commonwealth Bank of Australia Limited.

(b) **Particulars of external facility**

Chandler Macleod has entered into a Receivables Finance Facility and a Receivables Purchase Facility with NAB upon which it may draw in order to meet its obligations under the Offer. Both facilities are available for the purposes of:

- assisting with the acquisition of RHD; and
- providing working capital to meet business needs arising from the normal course of operations.

The Receivables Purchase Facility involves the sale of Chandler Macleod debtors to NAB and also transfers 100% of the credit default risk (non-payment by the debtor) to NAB. The receivables subject to this facility are taken off balance sheet.

The Receivables Finance Facility is subject to the conditions, representations and warranties that are customary for facilities of this nature. It is not subject to any material unfulfilled pre conditions to the making available or drawdown of the funds.

These facilities will be available for the entire Offer Period and for so long as Chandler Macleod has obligations in terms of the compulsory acquisition of any remaining RHD Shares. Chandler Macleod intends to use both facilities during and after the Offer Period.

Chandler Macleod also has access to a Bridging Facility with NAB to assist with any funding shortfalls from the abovementioned facilities. This facility is available solely for the purpose of assisting with the acquisition of RHD and is available until the earlier of completion of the acquisition of RHD or 3 months from the date of initial drawdown.

The amount undrawn under the Receivables Finance Facility, Receivables Purchase Facility and Bridging Facility exceeds the maximum amount payable under the Offer, together with transaction costs.

## 7 Bidder's intentions in relation to RHD

### 7.1 INTRODUCTION

This Section 7 sets out Chandler Macleod's intentions in relation to the following:

- the continuation of the business of RHD;
- any major changes to the business of RHD and any redeployment of the fixed assets of RHD;
- the compulsory acquisition of RHD Shares and the delisting of RHD; and
- the future employment of the present employees of RHD.

Chandler Macleod's intentions have been formed on the basis of facts and information concerning RHD, and the general business environment, which are known at the time of preparing this Bidder's Statement.

Final decisions regarding these matters will only be reached by Chandler Macleod in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this section are statements of current intention only and may vary as new information becomes available or circumstances change.

The articulation and formulation of Chandler Macleod's intentions are necessarily limited by virtue of the fact that it has only had access to publicly available information about RHD and its affairs and some limited non-public information made available by RHD prior to making this Offer.

## 7.2 OVERVIEW AND RATIONALE FOR THE OFFER

RHD represents a strong strategic fit with Chandler Macleod's business, and will enable the Merged Group to demonstrate its breadth and depth of capability as a recruitment industry leader in Australia and New Zealand, with larger aspirations in Asia.

RHD's recruitment business combined with Chandler Macleod's recruitment business will provide significant scale opportunities for clients, candidates and employees, with a complementary focus in industry sectors and disciplines. The "Julia Ross" brand is a market leader in pink collar recruitment, while Chandler Macleod's strength comes from its breadth of offer, as one of the region's largest workforce advisory and management companies.

RHD's managed services business, which includes RPO, HRO, Managed Training Services, IT Consulting (Spherion) and Aurion will augment and complement Chandler Macleod's workforce management and advisory business.

## 7.3 INTENTIONS FOR RHD AS A WHOLLY OWNED CONTROLLED ENTITY

This Section 7.3 describes Chandler Macleod's intentions if Chandler Macleod and its associates acquire a relevant interest in 90% or more of the RHD Shares, and so becomes entitled to proceed to compulsory acquisition of outstanding RHD Shares in accordance with Part 6A.1 of the Corporations Act.

In that circumstance, Chandler Macleod's current intentions are as follows:

### (a) Corporate matters

Chandler Macleod intends to:

- proceed with compulsory acquisition of the outstanding RHD Shares in accordance with the provisions of Part 6A.1 of the Corporations Act;
- thereupon arrange for RHD to be removed from the official list of the ASX;
- replace the members of the RHD Board with the nominees of Chandler Macleod. Replacement board members have not yet been identified by Chandler Macleod and their identity will depend on the circumstances at the relevant time. However, it is expected that the majority of the replacement board members will be members of the Chandler Macleod management team; and
- replace the existing CEO of RHD with Ian Basser, who is currently CEO and Managing Director of Chandler Macleod.

### (b) General operational review

After the end of the Offer Period, Chandler Macleod intends

to conduct an immediate, broad based review of RHD's operations on both a strategic and financial level to:

- evaluate RHD's performance, profitability and prospects in each of its businesses; and
- develop an operating business plan for the merged group in consultation with senior executives of RHD.

In the course of this review, Chandler Macleod intends to focus on a number of key specific areas including (but not limited to):

- opportunities to accelerate growth in domestic and international markets;
- reviewing major client contracts for opportunities to cross-sell additional services;
- assessing complimentary services; and
- adopting Chandler Macleod's operating and financial reporting policies.

### (c) Specific intentions

Chandler Macleod intends that RHD operations will be aligned and managed with Chandler Macleod's current business design. Chandler Macleod does not expect that client facing and operational roles in the combined business will be materially affected by this.

RHD's recruitment business will add significant scale to Chandler Macleod's recruitment business for clients, candidates and employees, with complementary focus in industry sector and disciplines.

RHD's managed services business, which includes RPO, HRO, Managed Training Services, IT Consulting (Spherion) and Aurion will augment and complement Chandler Macleod's workforce management and advisory business.

Chandler Macleod intends to implement a centralised treasury function in order to optimise the funding arrangements of the Merged Group. This may involve the use of intercompany lending to deliver the optimal outcome.

### (d) Impact on Employees

As a result of the implementation of the above intentions, it is possible that certain corporate and shared services functions will become redundant. Some job losses may occur as a result, however, the incidence, extent and timing of such job losses cannot be predicted in advance.

Where possible, Chandler Macleod will seek to minimise job losses through redeployment of the relevant employees elsewhere in Chandler Macleod. If redundancies do occur, the relevant employees will receive benefits in accordance with their contractual and other legal entitlements.

## 7.4 INTENTIONS FOR RHD AS A PART OWNED CONTROLLED ENTITY

This Section 7.4 describes Chandler Macleod's intentions if RHD becomes a controlled entity of Chandler Macleod, but Chandler Macleod is not entitled to proceed to compulsory acquisition in accordance with Part 6A.1 of the Corporations Act.

In that circumstance, Chandler Macleod's current intentions are as follows:

### (a) Corporate matters

After the end of the Offer Period, Chandler Macleod intends, subject to the Corporations Act and the constitution of RHD, to seek to replace some or all of the members of the RHD Board. The majority would be replaced with nominees of Chandler Macleod.

Replacement board members have not yet been decided by Chandler Macleod and their identity will depend on the circumstances at the relevant time.

Chandler Macleod will seek, to the extent possible, through its nominees on the RHD Board, to implement the intentions detailed in Section 7.3 where they are consistent with RHD being a controlled entity of (but not wholly owned by) Chandler Macleod and are considered to be in the best interests of RHD Shareholders as a whole, including the rights of minority shareholders. RHD Shareholders should be aware that, in this circumstance, the liquidity of RHD Shares may be materially decreased.

It is possible that, even if Chandler Macleod is not entitled to proceed to compulsory acquisition of minority holdings after the end of the Offer Period under Part 6A.1 of the Corporations Act, it may subsequently become entitled to exercise rights of general compulsory acquisition under Part 6A.2 of the Corporations Act – for example, as a result of acquisitions of RHD Shares in reliance on the '3% creep' exception in item 9 of section 611 of the Corporations Act. If so, it intends to exercise those rights.

### (b) General operational review and strategic alliance

After the end of the Offer Period, Chandler Macleod, through its nominees on the RHD Board, intends to propose to the RHD Board that an immediate, broad based review of RHD's operations be conducted on both a strategic and financial level, along similar lines to that described in Section 7.3(b).

Chandler Macleod intends, subject to the approval of the RHD Board, to participate in this review.

Chandler Macleod intends, to the extent possible, to implement a centralised treasury function in order to

optimise the funding arrangements of the Merged Group. This may involve the use of intercompany lending to deliver the optimal outcome.

### (c) Dividends and funding

The payment of dividends by RHD will be at the discretion of the RHD Board, the majority of which would comprise Chandler Macleod nominees.

RHD Shareholders should be aware that RHD may not declare a dividend in the future and may opt to reinvest cash into the company.

In the event that the existing debt facilities of RHD are terminated as a result of a change of control, Chandler Macleod intends (through its nominees on the RHD Board) to recommend the replacement of the RHD debt with existing Chandler Macleod financing facilities. The terms of this would depend on the discussions with the RHD board at the time.

### (d) Limitations in giving effect to intentions

The ability of Chandler Macleod to implement the intentions set out in this Section 7.4 will be subject to the legal obligations of RHD directors to have regard to the interests of RHD and all RHD Shareholders, including the rights of all minority shareholders, and the requirements of the Corporations Act and the Listing Rules relating to transactions between related parties. Chandler Macleod will only make a decision on the above mentioned courses of action following legal and financial advice in relation to those requirements.

## 7.5 OTHER INTENTIONS

Subject to the matters described above in this Section 7 and elsewhere in this Bidder's Statement and, in particular, the completion of the strategic review of RHD operations, it is the intention of Chandler Macleod, on the basis of the facts and information concerning RHD that are known to it and the existing circumstances affecting the assets and operations of RHD at the date of this Bidder's Statement, that all governance matters related to RHD will continue to be overseen by the RHD Board, including:

- the business of RHD will be conducted in substantially the same manner as at the date of this Bidder's Statement;
- no other major changes will be made to the business of RHD;
- there will be no redeployment of the fixed assets of RHD; and
- the present employees of RHD will continue to be employed by RHD.

## 8 Effect of the Offer on Chandler Macleod and profile of the Merged Group

### 8.1 PRO FORMA HISTORICAL CONSOLIDATED FINANCIAL INFORMATION FOR THE MERGED GROUP

#### (a) Introduction

The pro forma historical consolidated financial information of the Merged Group for the year ended 30 June 2010 is presented for illustrative purposes as a guide to assist RHD Shareholders in considering the effect of completion of the Offer by Chandler Macleod. By its nature, pro forma financial information is only illustrative of the types of impacts which a particular set of assumed transactions can have on underlying financial information.

It should be noted that the abridged pro forma historical consolidated income statement for the Merged Group presented below represents the pro forma historical results of Chandler Macleod and RHD.

The pro forma historical consolidated financial information comprise:

- (1) Summary pro forma historical consolidated income statement information including:
  - Historical consolidated income statement for Chandler Macleod for the year ended 30 June 2010;
  - Historical consolidated income statement for RHD for the year ended 30 June 2010; and
  - Abridged pro forma historical consolidated income statements for the Merged Group for the year ended 30 June 2010 assuming the expected funding impact under four scenarios as set out in section (3).
- (2) Summary pro forma historical consolidated balance sheet information including:
  - Historical consolidated balance sheet for Chandler Macleod as at 30 June 2010;
  - Historical consolidated balance sheet for RHD as at 30 June 2010; and
  - Abridged pro forma historical consolidated balance sheets for the Merged Group for the year ended 30 June 2010 assuming the expected funding impact under four scenarios as set out in section (3).

#### (3) Scenarios:

- 100% acceptance by RHD Shareholders priced at \$0.75 per share for maximum Cash Consideration;
- 100% acceptance by RHD Shareholders priced at \$0.75 per share for maximum Scrip Consideration;
- 50.1% acceptance by RHD Shareholders priced at \$0.73 per share for maximum Cash Consideration;
- 50.1% acceptance by RHD Shareholders priced at \$0.73 per share for maximum Scrip Consideration.

The pro forma consolidated financial information has been prepared based on the acquisition accounting requirements set out in AASB 3 Business Combinations with the following exception.

The difference between the purchase consideration and net assets that will be acquired has been allocated to goodwill only. There has been no fair value accounting of the assets to be acquired and the liabilities that will be assumed. The Chandler Macleod directors are not in a position at the date of this Bidder's Statement to determine the fair values of the RHD assets to be acquired. This will be undertaken by the Chandler Macleod directors following completion of the acquisition of RHD. Acquisition accounting may result in a lower or higher level of goodwill and a lower or higher level of accounting profits recognised in the event that intangible assets are recognised which may require amortisation and/or fair value adjustments are required in respect of the valuation of acquired assets.

The non controlling interest is recognised at its share of identifiable net assets excluding any goodwill using the partial goodwill method in accordance with AASB 3 Business Combination standards.

#### (b) Basis of preparation

The pro forma historical financial Information has been prepared in accordance with the measurement and recognition requirements (but not all the disclosure requirements) of Australia Accounting Standards with the exception of some recognition requirements of AASB 3 Business Combinations (as described above). The pro forma historical financial information has been prepared as if the pro forma transactions had occurred on 1 July 2009.

(c) **Key assumptions**

(1) **Cost of funding and interest expense**

Funding for both maximum cash alternatives is assumed to incur interest at a weighted average cost of 8.0% per annum.

It has been assumed that any consideration paid in cash will result in a corresponding increase in debt. Interest has been calculated on these increased debt amounts.

Debt raising costs are recorded against debt in the balance sheet.

(2) **Derecognition of assets and liabilities**

Chandler Macleod has entered into a Receivables Finance Facility and a Receivables Purchase Facility with NAB. Both facilities are available for the acquisition of RHD. Under the Receivables Purchase Facility, Chandler Macleod transfers substantially all the risks and rewards to NAB. It is assumed that the Merged Group will utilise \$40 million under these facilities to fund the acquisition under both cash only scenarios.

(3) **Effect of tax rate**

The pro forma income tax expense for the Merged Group is based on the historical information for each entity and consolidated adjustments have been assumed at the 30% Australian corporate tax rate. It is assumed that the tax benefit is received in cash.

(d) **Other information**

(1) **Contingent Liabilities**

Chandler Macleod has been involved from time to time in various claims and lawsuits incidental to the ordinary course of business. Based on legal advice obtained, other than the amounts already provided for in the accounts, the directors do not expect any material liability to eventuate.

(2) **Capital Commitment**

Chandler Macleod is currently implementing a new front office operating system which is expected to deliver significant operating efficiencies to the Group. The external capital expenditure committed for this project for the financial year ended 30 June 2011 is approximately \$3.2 million. In addition leasehold improvements of approximately \$2.0 million have been committed for the current financial year.



(e) Pro forma consolidated income statement of the Merged Group

	30-Jun-10	30-Jun-10	30-Jun-10	30-Jun-10	30-Jun-10	30-Jun-10
	Chandler Macleod <sup>1</sup>	RHD	Pro forma Merged Group-100%	Pro forma Merged Group-100%	Pro forma Merged Group-50.1%	Pro forma Merged Group-50.1%
\$'000			Maximum Cash Alternative	Maximum Scrip Alternative	Maximum Cash Alternative	Maximum Scrip Alternative
Sales	817,901	373,860	1,191,761	1,191,761	1,191,761	1,191,761
Contractor and other direct costs	(697,343)	(315,372)	(1,012,715)	(1,012,715)	(1,012,715)	(1,012,715)
Operating expenses	(98,078)	(45,544)	(143,622)	(143,622)	(143,622)	(143,622)
<b>EBITDA</b>	<b>22,480</b>	<b>12,944</b>	<b>35,424</b>	<b>35,424</b>	<b>35,424</b>	<b>35,424</b>
Depreciation & amortisation	(5,704)	(2,586)	(8,290)	(8,290)	(8,290)	(8,290)
<b>EBIT</b>	<b>16,776</b>	<b>10,358</b>	<b>27,134</b>	<b>27,134</b>	<b>27,134</b>	<b>27,134</b>
Pro forma interest expense			(8,855)	(4,001)	(6,368)	(4,001)
Pro forma Profit before Tax			18,279	23,133	20,766	23,133
Prima facie income tax expense			(5,109)	(6,565)	(5,855)	(6,565)
<b>Pro forma Net Profit after Tax</b>			<b>13,170</b>	<b>16,568</b>	<b>14,911</b>	<b>16,568</b>
Profit for the period is attributable to:						
Non-controlling Interest			-	-	3,446	3,446
<b>Owners of the parent</b>			<b>13,170</b>	<b>16,568</b>	<b>11,465</b>	<b>13,122</b>
			13,170	16,568	14,911	16,568

<sup>1</sup>Represents an extract from the historical income statement of Chandler Macleod from continuing business for the 12 months ended 30 June 2010

## (f) Pro forma consolidated balance sheet of the Merged Group

As at 30 June 2010	Chandler Macleod	RHD		Adjustments	Pro forma Merged Group 100% Holding	Adjustments	Pro forma Merged Group 100% Holding
					Maximum Cash		Maximum Scrip
<b>\$'000</b>							
<b>CURRENT ASSETS</b>							
Cash and cash equivalents	514	7,646	(i)	(3,398)	4,762		8,160
Trade and other receivables	83,153	53,189	(ii)	(26,044)	110,298	-	136,342
Prepayments and other current assets	2,291				2,291		2,291
<b>Total current assets</b>	<b>85,958</b>	<b>60,835</b>		<b>(29,442)</b>	<b>117,351</b>	<b>-</b>	<b>146,793</b>
<b>NON-CURRENT ASSETS</b>							
Other financial assets	133				133		133
Property, plant and equipment	4,327	1,187			5,514		5,514
Intangible assets and goodwill	115,934	14,097	(iii)	18,022	148,053	(iii) 18,022	148,053
Deferred tax assets	4,348	5,285			9,633		9,633
<b>Total non-current assets</b>	<b>124,742</b>	<b>20,569</b>		<b>18,022</b>	<b>163,333</b>	<b>18,022</b>	<b>163,333</b>
<b>TOTAL ASSETS</b>	<b>210,700</b>	<b>81,404</b>		<b>(11,420)</b>	<b>280,684</b>	<b>18,022</b>	<b>310,126</b>
<b>CURRENT LIABILITIES</b>							
Trade and other payables	32,429	28,915			61,344		61,344
Interest-bearing loans and borrowings	24,113	302	(iv)	34,632	59,047		24,415
Income tax payable	830	280			1,110		1,110
Provisions	12,816	1,568			14,384		14,384
<b>Total current liabilities</b>	<b>70,188</b>	<b>31,065</b>		<b>34,632</b>	<b>135,885</b>	<b>-</b>	<b>101,253</b>
<b>NON-CURRENT LIABILITIES</b>							
Trade and other payables	-	92			92		92
Interest-bearing loans and borrowings	3	4,814			4,817		4,817
Deferred tax liabilities	661	1,170			1,831		1,831
Provisions	1,129	1,609			2,738		2,738
<b>Total non-current liabilities</b>	<b>1,793</b>	<b>7,685</b>		<b>-</b>	<b>9,478</b>	<b>-</b>	<b>9,478</b>
<b>TOTAL LIABILITIES</b>	<b>71,981</b>	<b>38,750</b>		<b>34,632</b>	<b>145,363</b>	<b>-</b>	<b>110,731</b>
<b>NET ASSETS</b>	<b>138,719</b>	<b>42,654</b>		<b>(46,052)</b>	<b>135,321</b>	<b>18,022</b>	<b>199,395</b>
<b>EQUITY</b>							
Contributed equity	137,967	23,004	(v)	(23,004)	137,967	(vii) 37,672	198,643
Retained earnings/(accumulated losses)	-	20,596	(vi)	(23,994)	(3,398)	(v) (20,596)	
Reserves	752	(946)	(v)	946	752	(v) 946	752
	<b>138,719</b>	<b>42,654</b>		<b>(46,052)</b>	<b>135,321</b>	<b>18,022</b>	<b>199,395</b>



As at 30 June 2010	Chandler Macleod	RHD		Adjustments	Pro forma Merged Group 50.1% Holding	Adjustments	Pro forma Merged Group 50.1% Holding
					Maximum Cash		Maximum Scrip
<b>\$'000</b>							
<b>CURRENT ASSETS</b>							
Cash and cash equivalents	514	7,646	(i)	(1,657)	6,503	-	8,160
Trade and other receivables	83,153	53,189	(ii)	(26,044)	110,298	-	136,342
Prepayments and other current assets	2,291				2,291		2,291
<b>Total current assets</b>	<b>85,958</b>	<b>60,835</b>		<b>(27,701)</b>	<b>119,092</b>	<b>-</b>	<b>146,793</b>
<b>NON-CURRENT ASSETS</b>							
Other financial assets	133				133		133
Property, plant and equipment	4,327	1,187			5,514		5,514
Intangible assets and goodwill	115,934	14,097	(iii)	8,218	138,249	(iii) 8,218	138,249
Deferred tax assets	4,348	5,285			9,633		9,633
<b>Total non-current assets</b>	<b>124,742</b>	<b>20,569</b>		<b>8,218</b>	<b>153,529</b>	<b>8,218</b>	<b>153,529</b>
<b>TOTAL ASSETS</b>	<b>210,700</b>	<b>81,404</b>		<b>(19,483)</b>	<b>272,621</b>	<b>8,218</b>	<b>300,322</b>
<b>CURRENT LIABILITIES</b>							
Trade and other payables	32,429	28,915			61,344		61,344
Interest-bearing loans and borrowings	24,113	302	(iv)	3,544	27,959		24,415
Income tax payable	830	280			1,110		1,110
Provisions	12,816	1,568			14,384		14,384
<b>Total current liabilities</b>	<b>70,188</b>	<b>31,065</b>		<b>3,544</b>	<b>104,797</b>		<b>101,253</b>
<b>NON-CURRENT LIABILITIES</b>							
Trade and other payables	-	92			92		92
Interest-bearing loans and borrowings	3	4,814			4,817		4,817
Deferred tax liabilities	661	1,170			1,831		1,831
Provisions	1,129	1,609			2,738		2,738
<b>Total non-current liabilities</b>	<b>1,793</b>	<b>7,685</b>		<b>-</b>	<b>9,478</b>		<b>9,478</b>
<b>TOTAL LIABILITIES</b>	<b>71,981</b>	<b>38,750</b>		<b>3,544</b>	<b>114,275</b>	<b>-</b>	<b>110,731</b>
<b>NET ASSETS</b>	<b>138,719</b>	<b>42,654</b>		<b>(23,027)</b>	<b>158,346</b>	<b>8,218</b>	<b>189,591</b>
<b>EQUITY</b>							
Contributed equity	137,967	23,004	(v)	(23,004)	137,967	(vii) 6,584	167,555
Retained earnings/(accumulated losses)	-	20,596	(vi) (v)	(22,253)	(1,657)	(v) (20,596)	
Reserves	<b>752</b>	<b>(946)</b>	<b>(v)</b>	<b>946</b>	<b>752</b>	<b>(v) 946</b>	<b>752</b>
Parent interests	<b>138,719</b>	<b>42,654</b>		<b>(44,311)</b>	<b>137,062</b>	<b>(13,066)</b>	<b>168,307</b>
Non- controlling interest	-	-	(viii)	21,284	<b>21,284</b>	(viii) <b>21,284</b>	<b>21,284</b>
	<b>138,719</b>	<b>42,654</b>		<b>(23,027)</b>	<b>158,346</b>	<b>8,218</b>	<b>189,591</b>

- (i) Interest expense (net of tax) incurred on the debt funding of the acquisition is set off against cash in hand.
- (ii) Represents the derecognition of trade debtors as a result of increased utilisation (to \$40.0 million) of the Receivable Purchase facility in addition to Chandler Macleod's current utilisation of \$13.9 million as at 30 June 2010.
- (iii) Represents the goodwill arising on the acquisition – being the difference between the purchase consideration and net assets that will be acquired.
- (iv) Represents the net impact of the debt funding of the acquisition and the increased utilisation of the Receivable Purchase facility.
- (v) Consolidation adjustments.
- (vi) Net impact of interest expense (net of tax) incurred on the debt funding of the acquisition and consolidation adjustments.
- (vii) Reflects the increase in equity as a result of scrip to scrip purchase consideration net of consolidation adjustments.
- (viii) Non-controlling interest calculated at its share of net assets.

## 9 Risk factors

### 9.1 INTRODUCTION

If the Offer becomes unconditional, RHD Shareholders who accept the Offer and elect to receive the Scrip Consideration will become Chandler Macleod shareholders, and Chandler Macleod will acquire an interest in RHD. In that event, those RHD Shareholders will continue to be indirectly exposed to the risks associated with having an interest in RHD's assets and general economic, share market and industry risks. There are also additional risks relating to the Offer and the Merged Group, to which those RHD Shareholders will be exposed through their holding of Chandler Macleod Shares.

### 9.2 GENERAL RISKS

#### (a) General economic and legal conditions

As a listed entity, the share price of the Merged Group will fluctuate due to various factors, including movements in the Australian and international markets, recommendations by brokers and analysts, interest rates, inflation, Australian and international economic conditions, changes in government, fiscal, monetary and regulatory policies, investor perceptions and other factors that may affect the Merged Group's financial position and earnings.

In addition, future earnings, asset values and the attractiveness of Chandler Macleod Shares may be affected by changes in law and government policy in the jurisdictions in which the Merged Group operates. This includes changes in taxation laws (including stamp duty and GST).

A prolonged deterioration in one or a number of the above factors may have a material adverse effect on the financial performance and/or financial position of the Merged Group.

Separately, accepting the Offer may involve tax considerations that differ for each RHD Shareholder. Each RHD Shareholder should seek independent professional tax advice in connection with accepting the Offer.

#### (b) Liquidity issue

In addition to the above risks associated with any investment in listed securities, the market price of listed securities such as the Chandler Macleod Shares is also affected by numerous factors such as the demand for and availability of Chandler Macleod Shares and inclusion or exclusion of the Chandler Macleod Shares in or from any share price indices.

#### (c) Material customer contracts

Chandler Macleod has material customer contracts that become due for renewal from time to time. As a result, in the next financial year, several such contracts are due for renewal. Chandler Macleod is not aware of any intention of these customers not to renew these contracts. However, should these contracts not be renewed the impact on Chandler Macleod financial results would be material.

### 9.3 SPECIFIC RISK FACTORS THAT AFFECT THE MERGED GROUP

#### (a) Commercial environment

The Merged Group will face general commercial risks including the risks of the loss of major customers, competition and other causes of business interruption, which may have a material effect on the Merged Group. The development of new products or services which compete with those of the Merged Group may also have a material adverse effect on the Merged Group.

#### (b) Regulatory regimes

Changes to key regulatory regimes affecting the business of the Merged Group, including those in the areas of industrial relations, occupational health and safety and tax, in any of the jurisdictions in which the Merged Group will operate may have an adverse impact on the Merged Group.

#### (c) Reliance on key management and employees

The successful operation of the Merged Group will depend partly upon the performance and expertise of its management and employees. The loss of the services of the Merged Group's key management or employees, or a loss of the ability to continue to attract and retain qualified employees, may have a material adverse effect on the Merged Group.

#### (d) RHD contracts

There are two material customers who each receive services from each of RHD and Chandler Macleod. Chandler Macleod has been unable to assess the impact on these contracts of a merger with RHD.

## 9.4 RISKS RELATING TO THE OFFER AND THE MERGED GROUP

- (a) **Issue of Chandler Macleod Shares as consideration**  
RHD Shareholders are being offered a choice of the Cash Consideration or the Scrip Consideration under the Offer. For those RHD Shareholders who elect to receive the Scrip Consideration, the value of the Chandler Macleod Shares issued as consideration may fluctuate prior to and post acceptance.

Furthermore, under the Offer, Chandler Macleod may issue a significant number of Chandler Macleod Shares. Some RHD Shareholders may not intend to continue to hold their Chandler Macleod Shares and may wish to sell them on ASX. There is a risk that if a significant number of RHD Shareholders seek to sell their Chandler Macleod Shares at or around the same time, this may adversely impact the price of Chandler Macleod Shares for a period of time.

- (b) **Acquisition of less than 100% of RHD Shares**  
It is possible that Chandler Macleod will acquire less than 100% of RHD Shares under the Offer. The impact on the Merged Group of Chandler Macleod acquiring less than 100% of RHD Shares will depend on the ultimate level of ownership acquired but, in any event, the existence of a minority interest in RHD may have an impact on the Merged Group's capacity to integrate the business of the two groups and realise synergies from the acquisition of RHD.

If, after the Offer, Chandler Macleod does not hold 80% or more of the RHD Shares, RHD Shareholders who sold their RHD Shares into the Offer will be unable to elect scrip for scrip rollover. This means that for those Australian resident shareholders for income tax purposes who hold their RHD Shares on capital account and who would make a capital gain on disposal of their RHD Shares will be unable to choose to disregard that gain, even if offer proceeds were received entirely in the form of Chandler Macleod Shares. A general summary of the tax consequences to Australian resident holders of RHD Shares as a result of accepting the Offer is set out in section 10.

- (c) **Integration risks**  
There are risks that any integration between the businesses of Chandler Macleod and RHD Group may take longer than expected and that anticipated efficiencies and benefits of that integration may be less than estimated. These risks include possible differences in the management culture of the two groups, inability to achieve synergy benefits and cost savings, and the potential loss of key personnel.
- (d) **Change in control risk**  
As the Offer may result in a change in control of RHD, there could be adverse consequences for the Merged Group. For example, contracts to which RHD is a party may be subject to review or termination in the event of a change of control of RHD.
- (e) **Limited due diligence**  
In preparing the information in the Bidder's Statement on RHD, including the pro forma financial information, Chandler Macleod has relied on publicly available information. As only limited due diligence was able to be carried out on RHD, risks may exist of which Chandler Macleod is unaware. If any material risks are known to the directors of RHD, they will need to be disclosed in the target's statement to be issued by RHD.

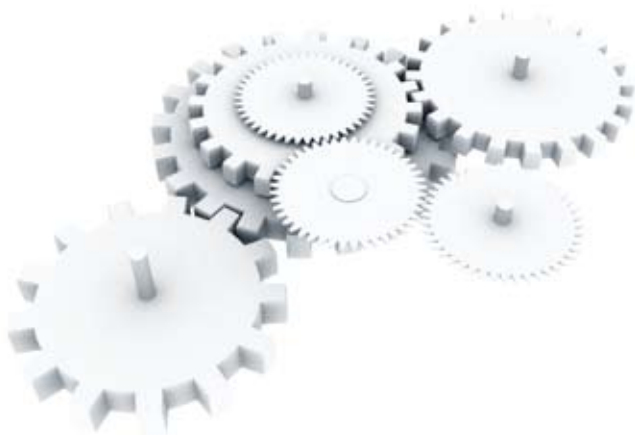
## 10 Tax considerations

### 10.1 INTRODUCTION

The following is a general description of the Australian income and CGT consequences to RHD Shareholders of the acceptance of the Offer. The comments set out below are relevant only to those RHD Shareholders who hold their RHD Shares as capital assets for the purpose of investment.

RHD Shareholders who are not resident in Australia for tax purposes should take into account the tax consequences of acceptance of the Offer under the laws of their country of residence, as well as under Australian law. The following summary is intended only for Australian resident RHD Shareholders.

The following description is based upon the Australian law and administrative practice in effect at the date of this Bidder's Statement, but it is general in nature and is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of every RHD Shareholder. RHD Shareholders should seek independent professional advice in relation to their own particular circumstances.



### 10.2 AUSTRALIAN RESIDENT SHAREHOLDERS

#### (a) CGT

Acceptance of the Offer will involve the disposal by RHD Shareholders of their RHD Shares by way of transfer to Chandler Macleod. This change in the ownership of the RHD Shares will constitute a CGT event for Australian CGT purposes.

RHD Shareholders who are Australian residents may make a capital gain or capital loss on the transfer of RHD Shares acquired on or after 20 September 1985, depending on whether their capital proceeds from the disposal of the RHD Shares are more than the cost base (or in some cases indexed cost base) of those RHD Shares, or whether the capital proceeds are less than their reduced cost base of those RHD Shares.

The capital proceeds from the disposal of RHD Shares should be the amount of consideration received by the relevant RHD Shareholder as a result of accepting the Offer (being cash or the market value of the Chandler Macleod Shares received).

The cost base of RHD Shares disposed of will include the consideration originally paid by the relevant RHD Shareholder to acquire those RHD Shares plus any transaction costs.

If an RHD Shareholder (being an individual, trust or complying superannuation fund) has held their RHD Shares for at least 12 months, any capital gain made may be treated as a discount capital gain.

Capital gains and capital losses of a taxpayer in a year of income are aggregated to determine whether there is a net capital gain. If so, that net capital gain is included in the taxpayer's assessable income and is subject to income tax. Unutilised capital losses may not be deducted against the taxpayer's other income for income tax purposes, but may be carried forward to be offset against capital gains in future years of income.

#### **Scrip for Scrip Rollover Relief**

CGT rollover relief may be available to an Australian resident RHD Shareholder where, as a result of the Offer, Chandler Macleod holds 80% or more of the voting shares in RHD and the relevant RHD Shareholder:

- exchanges their RHD Shares for Chandler Macleod Shares by choosing the Scrip Consideration;
- acquired their RHD Shares on or after 20 September 1985 and, but for the rollover, would have made a capital gain from the exchange (see above); and
- chooses that the CGT scrip for scrip rollover applies.

If CGT rollover relief is available to an RHD Shareholder, then any capital gain arising from the disposal by the RHD Shareholder of its RHD Shares pursuant to the Offer may be disregarded. Any CGT implications are deferred either until the relevant RHD Shareholder disposes of the Chandler Macleod Shares acquired pursuant to the Offer or upon the happening of another CGT event.

To choose CGT rollover relief, a RHD Shareholder must make a choice before lodging their income tax return for the income year in which the Offer is accepted. The manner in which the RHD Shareholder prepares the income tax return will be evidence of the choice.

The Offer is conditional on Chandler Macleod having relevant interests in at least 50.1% of the RHD Shares by the later of 24 December 2010 or the date which is 10 days after the Offers are dispatched. This means that scrip for scrip rollover relief will not be available if there is less than 80% acceptance of the Offer. Chandler Macleod reserves the right to free the Offer from this condition, but is not in a position to confirm, as at the date of this Offer, that the 80% requirement referred to above will be satisfied for the purposes of determining whether CGT scrip for scrip rollover relief will be available. Chandler Macleod will advise RHD Shareholders whether there is at least 80% acceptance of the Offer.

It should be noted that other pre-conditions are also required to be satisfied before rollover relief will be available. RHD Shareholders should seek their own independent taxation advice to confirm this.

### 10.3 NON RESIDENT SHAREHOLDERS

Generally, non-Australian tax resident shareholders who hold their RHD Shares on capital account should not be subject to Australian income tax or CGT upon the disposal of their RHD Shares, unless together with associates, they hold, or have held for at least 12 of the last 24 months, 10% or more of the RHD Shares and the market value of the underlying assets of RHD is predominantly interests in Australian real property.

### 10.4 GOODS AND SERVICES TAX

Holders of RHD Shares should not be liable to GST in respect of a disposal of those RHD Shares.

## 11 Additional information

### 11.1 PEOPLEBANK PROPOSAL

On 19 July 2010, the RHD Board announced that it had entered into a Scheme Implementation Agreement with Peoplebank Holdings Pty Limited (Peoplebank) in relation to a proposed offer by Peoplebank to acquire the entire issued share capital of RHD.

The initial price was \$0.615 in cash per RHD Share. On 13 September 2010, the RHD Board announced that Peoplebank had increased its offer to \$0.70 in cash per RHD Share.

On 1 October 2010, the Federal Court approved the Scheme Booklet and the convening of a meeting of RHD Shareholders at which they would be asked to approve the scheme.

Following Chandler Macleod's expression of interest in acquiring the entire issued share capital of RHD, the RHD shareholder meeting scheduled to consider the scheme has been adjourned twice and on 25 November 2010 was adjourned to 2.30pm on Thursday, 16 December 2010.

On 6 December 2010, the board of RHD announced that it had withdrawn its previous recommendation of the Peoplebank offer, that RHD intends to pay a break fee of \$500,000 (plus GST) to Peoplebank upon termination of the Scheme Implementation Agreement and that RHD would ask the Federal Court to dissolve the scheme meeting.

### 11.2 DATE FOR DETERMINING HOLDERS OF RHD SHARES

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) is the Register Date.

### 11.3 TAKEOVER BID IMPLEMENTATION AGREEMENT

On 1 December 2010, Chandler Macleod entered into a Takeover Bid Implementation Agreement with RHD. The agreement was released to ASX on 1 December 2010 and a copy is available from the ASX website: [www.asx.com.au](http://www.asx.com.au).

In summary, the agreement provides for the following:

- (a) **Takeover bid**  
Chandler Macleod agrees to make a takeover bid for RHD Shares on certain agreed terms. Chandler Macleod and RHD agree to facilitate the takeover of RHD by way of off-market Offers by Chandler Macleod for all of the RHD Shares.
- (b) **Break fee**  
In recognition of the costs that Chandler Macleod will incur in making the Takeover Bid and the benefits that will flow to RHD and its shareholders, RHD agrees to pay a break fee of \$500,000 to Chandler Macleod in certain circumstances. These circumstances include where, other than where the independent expert concludes before the close of the Offer Period that the Offer is neither fair nor reasonable (except where the independent expert reaches that conclusion as a result of a competing proposal having been announced or made public):
- (1) any RHD director or the RHD Board fails to recommend that RHD Shareholders accept the Offer, or publicly changes (including by attaching qualifications to) or withdraws that recommendation;
  - (2) an RHD director or the RHD Board recommends that RHD Shareholders accept or support a competing proposal; and
  - (3) a competing proposal is announced or made during the exclusivity period and is completed at any time prior to the first anniversary of the date of the agreement and, as a result, a third party acquires a relevant interest and/or economic interest in at least 50% of the RHD Shares.
- (c) **Bid conditions**  
Each of Chandler Macleod and RHD must, to the extent within its power, use reasonable endeavours to ensure that the bid conditions are satisfied as soon as practicable and that no bid conditions are breached or not satisfied.
- (d) **No solicitation**  
During the exclusivity period (which is defined essentially to cover the period of the agreement until the Offer closes), RHD must not, except with the prior written consent of Chandler Macleod, solicit or invite any competing proposals to the Offer.
- (e) **Notification**  
If, during the exclusivity period, RHD:
- (1) is approached by any third party for the purposes of making a competing proposal; or

- (2) proposes to make available, without Chandler Macleod's prior written consent, non-public information in relation to any member of the RHD Group for the purpose of that third party making a competing proposal,

RHD must promptly notify Chandler Macleod.

If RHD receives a competing proposal, and as a result the RHD Board or any RHD director proposes to publicly change or withdraw its recommendation that RHD Shareholders accept the Offer, RHD must give Chandler Macleod an opportunity to offer to amend the terms of the Takeover Bid to provide an equivalent or superior outcome for RHD Shareholders than the competing proposal.

(f) **Fiduciary carveout**

The obligations set out in paragraph (e) above do not apply to the extent that the RHD Board, acting in good faith and after having taken advice from its legal advisers, determines that complying with such an obligation would be likely to involve a breach of the fiduciary or statutory duties owed by any RHD director.

#### 11.4 JULIA ROSS TERMINATION DEED

Pursuant to the terms of a Termination Deed between RHD and Ms Julia Ross dated 1 December 2010 (**Termination Deed**), Julia Ross and RHD have agreed that, subject to and immediately on and from the receipt of the consideration that is due to Ms Ross pursuant to the Offer, the employment of Ms Ross with RHD will be terminated.

Under the terms of the Termination Deed, Ms Ross is not entitled to receive any payment from RHD in respect of the termination of her employment or her employment by RHD.

Ms Ross has also agreed to typical non-compete restrictions including that, for a period of 3 years following the receipt of the consideration due to her under the Offer, she will not carry on (directly or indirectly), or otherwise be concerned or interested in, any business that is competitive with the recruitment and managed services businesses of RHD in the geographic areas in which those businesses currently operate.

If the Takeover Bid Implementation Agreement entered into between RHD and Chandler Macleod terminates prior to the receipt of the consideration due to Ms Ross under the Offer, the Termination Deed will also terminate and Ms Ross will remain as an employee of RHD.

## 11.5 CONSENTS

This Bidder's Statement contains a statement made by Mr Victor J Plummer in relation to his intention to exercise his rights to acquire 3,700,000 RHD Shares under a call option. Mr Victor J Plummer has consented to the inclusion of this statement in the Bidder's Statement.

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX. Under the terms of ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of those documents, or the relevant parts of the documents containing the statements, (free of charge), during the bid period, please contact Chandler Macleod Offer Information Line on 1300 042 494 (toll free for callers within Australia) and +61 3 9938 4359 (for callers outside Australia).

As permitted by ASIC Class Order 03/635, this Bidder'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.

## 11.6 FOREIGN SHAREHOLDERS

RHD Shareholders who are Foreign Shareholders will not be entitled to receive the Scrip Consideration for their RHD Shares pursuant to the Offer, unless Chandler Macleod otherwise determines.

A RHD Shareholder is a Foreign Shareholder for the purposes of the Offer if their address as shown in the register of members of RHD is in a jurisdiction other than Australia and its external territories or New Zealand. However, such a person will not be a Foreign Shareholder if Chandler Macleod is satisfied that it is not legally or practically constrained from making the Offer to a RHD Shareholder in the relevant jurisdiction and to issue Chandler Macleod Shares to such a shareholder on acceptance of the Offer, and that it is lawful for the shareholder to accept the Offer in such circumstances in the relevant jurisdiction. Notwithstanding anything else in this Bidder's Statement, Chandler Macleod is not under any obligation to spend any money, or undertake any action, in order to satisfy itself concerning any of these matters.

The Chandler Macleod Shares which would otherwise have been issued to Foreign Shareholders will instead be

issued to a nominee approved by ASIC, who will sell these Chandler Macleod Shares. The net proceeds of the sale of such Chandler Macleod Shares will then be remitted to the relevant Foreign Shareholders. See Section 12.7 for further details.

## 11.7 SOCIAL SECURITY AND SUPERANNUATION IMPLICATIONS OF OFFER

Acceptance of the Offer may have implications under your superannuation arrangements or on your social security entitlements. If in any doubt, you should seek specialist advice.

## 11.8 DISCLOSURE OF INTERESTS OF CERTAIN PERSONS

Other than as set out elsewhere in this Bidder's Statement no:

- director or proposed director of Chandler Macleod;
- person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement;
- promoter of Chandler Macleod; or
- underwriter to the issue of Chandler Macleod Shares or financial services licensee named in this Bidder's Statement as being involved in the issue of Chandler Macleod Shares,

(together, the **Interested Persons**) holds at the date of this Bidder's Statement or held at any time during the last two years, any interest in:

- the formation or promotion of Chandler Macleod;
- property acquired or proposed to be acquired by Chandler Macleod in connection with its formation or promotion, or the offer of Chandler Macleod Shares under the Offer; or
- the offer of Chandler Macleod Shares under the Offer.

## 11.9 DISCLOSURE OF FEES AND BENEFITS RECEIVED BY CERTAIN PERSONS

Other than as set out elsewhere in this Bidder's Statement, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- to a director or proposed director of Chandler Macleod to induce them to become, or to qualify as, a director of Chandler Macleod;
- for services provided by an Interested Person in connection with the formation or promotion of Chandler Macleod or the offer of Chandler Macleod Shares under the Offer.



## 11.10 DISCLOSURE OF INTERESTS OF DIRECTORS

### (a) Interests in Chandler Macleod Shares

As at the date of this Bidder's Statement, the directors of Chandler Macleod had the following relevant interests in Chandler Macleod securities:

Director	Shares Held Beneficially		Total
	Direct	Indirect	
R. England		900,000	900,000
J. Plummer	48,584,912	24,228,320	72,813,232
I. Basser	7,228,700 <sup>6</sup>	665,853	7,894,553
M. Carnegie	–	–	–
D. Birkbeck	–	–	–

<sup>6</sup> Includes 1,000,000 options over unissued shares in Chandler Macleod and 5,228,700 shares held by CPU Share Plans Pty Limited as trustee of the SESP on behalf of Mr Basser which had not vested as at the date of this Bidder's Statement.

## 11.11 INTERESTS IN RHD SHARES

As at the date of this Bidder's Statement, no director of Chandler Macleod had a relevant interest in RHD securities.

## 11.12 EXPIRY DATE

No securities will be issued on the basis of this Bidder's Statement after the date which is 13 months after the date of this Bidder's Statement.

## 11.13 OTHER MATERIAL INFORMATION

Except as disclosed elsewhere in this Bidder's Statement, there is no other information that is:

- (a) material to the making of a decision by a RHD Shareholder whether or not to accept the Offer; and
- (b) known to Chandler Macleod, which has not previously been disclosed to RHD Shareholders.

## 12 The terms and conditions of the Offer

### 12.1 OFFER

- (a) Chandler Macleod offers to acquire all of Your Shares on and subject to the terms and conditions set out in this Section 12 of this Bidder's Statement.
- (b) The consideration under the Offer is an option of either:
- (1) \$0.73 in cash for each RHD Share; or
  - (2) 1.759 Chandler Macleod Shares for each of Your Shares.
- Chandler Macleod also intends to increase the consideration if, by the close of the Offer it has acquired a relevant interest in 90% or more of RHD Shares and is entitled to compulsorily acquire the remaining RHD Shares. In that event, the consideration will increase to:
- \$0.75 cash for each of Your Shares; or
  - 1.807 Chandler Macleod Shares for each of Your Shares.
- (c) If you do not make an election on your Acceptance Form to receive the Cash Consideration or the Scrip Consideration or you make an invalid or indistinct election, you will be deemed to have elected to receive the Cash Consideration.
- (d) If the election of the Scrip Consideration results in an entitlement to a fraction of a Chandler Macleod Share, that fractional entitlement:
- which is 0.5 or greater will be rounded up to the nearest whole number of Chandler Macleod Shares; and
  - which is less than 0.5 will be rounded down to the nearest whole number of Chandler Macleod Shares.
- (e) If, at the time this Offer is made to you, you are a Foreign Shareholder, and you elect to receive the Scrip Consideration, you will not receive Chandler Macleod Shares. Instead, you are offered and will receive a cash amount determined in accordance with Section 12.7 of this Bidder's Statement.
- (f) The Chandler Macleod Shares to be issued:
- (1) are ordinary shares in Chandler Macleod;
  - (2) will be credited as fully paid;
  - (3) will have the rights summarised in Section 3.2;
  - (4) will rank equally in all respects with all Chandler Macleod Shares on issue at the date the new Chandler Macleod Shares are to be issued; and

(5) will be free from any Encumbrance.

- (g) By accepting this Offer, you undertake to transfer to Chandler Macleod not only the RHD Shares to which the Offer relates, but also all Rights attached to those RHD Shares (see Section 12.5(c)(6) and Section 12.6(c)).
- (h) This Offer is being made to each person registered as the holder of RHD Shares in the register of Chandler Macleod shareholders at 5.10am (Sydney time) on the Register Date.
- (i) If, at the time the Offer is made to you, or at any time during the Offer Period, another person is, or is entitled to be, registered as the holder of some or all of Your Shares, then:
- (1) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to that other person in respect of those RHD Shares; and
  - (2) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to you in respect of any other RHD Shares you hold to which the Offer relates; and
  - (3) this Offer will be deemed to have been withdrawn immediately at that time.
- (j) If at any time during the Offer Period you are registered or entitled to be registered as the holder of one or more parcels of RHD Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct offer on the same terms and conditions as this Offer had been made in relation to each of those parcels and any parcel you hold in your own right. To validly accept the Offer for each parcel, you must comply with the procedure in section 653B(3) of the Corporations Act. If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Acceptance Form, please call Chandler Macleod Offer Information Line on 1300 042 494 (toll free for callers within Australia) and +61 3 9938 4359 (for callers outside Australia) to request those additional copies.
- (k) If Your Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting the Offer.
- (l) The Offer is dated 10 December 2010.

## 12.2 OFFER PERIOD

- (a) Unless withdrawn, the Offer will remain open for acceptance during the period commencing on the date of this Offer and ending at 7.00pm (Sydney time) on the later of:
  - (1) 31 January 2011; or
  - (2) any date to which the Offer Period is extended.
- (b) Chandler Macleod reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.
- (c) If, within the last 7 days of the Offer Period, either of the following events occurs:
  - (1) the Offer is varied to improve the consideration offered; or
  - (2) Chandler Macleod's voting power in RHD increases to more than 50%, then the Offer Period will be automatically extended so that it ends 14 days after the relevant event in accordance with section 624(2) of the Corporations Act.

## 12.3 HOW TO ACCEPT THIS OFFER

- (a) **General**
  - (1) Subject to Section 12.1(i) and Section 12.1(j), you may accept this Offer only for all of Your Shares.
  - (2) You may accept this Offer at any time during the Offer Period.
- (b) **RHD Shares held in your name on RHD's issuer sponsored subregister**

To accept this Offer for RHD Shares held in your name on RHD's issuer sponsored subregister (in which case your SRN will commence with 'I'), you must:

  - (1) complete and sign the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form; and
  - (2) ensure that the Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period, at one of the addresses shown on the Acceptance Form.

- (c) **RHD Shares held in your name in a CHESS Holding**

- (1) If Your Shares are held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X') and you are not a Participant, you should instruct your Controlling Participant (this is normally the stockbroker either through whom you bought your RHD Shares or through whom you ordinarily acquire shares on the ASX) to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.
- (2) If Your Shares are held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X') and you are a Participant, you should initiate acceptance of this Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.
- (3) Alternatively, to accept this Offer for RHD Shares held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X'), you may sign and complete the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form and ensure that it (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period, at one of the addresses shown on the Acceptance Form.
- (4) If Your Shares are held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X'), you must comply with any other applicable ASX Settlement Operating Rules.

(d) **RHD Shares of which you are entitled to be registered as holder**

To accept this Offer for RHD Shares which are not held in your name, but of which you are entitled to be registered as holder, you must:

- (1) complete and sign the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form; and
- (2) ensure that the Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period.

(e) **Acceptance Form and other documents**

- (1) The Acceptance Form forms part of the Offer.
- (2) If your Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is returned by post, for your acceptance to be valid you must ensure that they are posted or delivered in sufficient time for them to be received by Chandler Macleod at one of the addresses shown on the Acceptance Form before the end of the Offer Period. You may only return your Acceptance Form by facsimile with the prior approval of Chandler Macleod.
- (3) When using the Acceptance Form to accept this Offer in respect of RHD Shares in a CHESS Holding, you must ensure that the Acceptance Form (and any documents required by the terms of this Offer and the instruction on the Acceptance Form) are received by Chandler Macleod in time for Chandler Macleod to instruct your Controlling Participant to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.
- (4) The postage and transmission of the Acceptance Form and other documents is at your own risk.

## 12.4 VALIDITY OF ACCEPTANCES

- (a) Subject to this Section 12.4, your acceptance of the Offer will not be valid unless it is made in accordance with the procedures set out in Section 12.3.
- (b) Chandler Macleod will determine, in its sole discretion, all questions as to the form of documents, eligibility to accept the Offer and time of receipt of an acceptance of the Offer. Chandler Macleod is not required to communicate with you prior to or after making this determination. The determination of Chandler Macleod will be final and binding on all parties.
- (c) Notwithstanding Sections 12.3(b), 12.3(c), 12.3(d) and 12.3(e), Chandler Macleod may, in its sole discretion, at any time and without further communication to you, deem any Acceptance Form it receives to be a valid acceptance in respect of Your Shares, even if a requirement for acceptance has not been complied with but the payment of the consideration in accordance with the Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by Chandler Macleod.
- (d) Where you have satisfied the requirements for acceptance in respect of only some of Your Shares, Chandler Macleod may, in its sole discretion, regard the Offer to be accepted in respect of those of Your Shares but not the remainder.
- (e) Chandler Macleod will provide the consideration to you in accordance with Section 12.6, in respect of any part of an acceptance determined by Chandler Macleod to be valid.
- (f) If you do not make an election on your Acceptance Form to receive the Cash Consideration or the Scrip Consideration or you make an invalid election, you will be deemed to have elected to receive the Cash Consideration.

## 12.5 THE EFFECT OF ACCEPTANCE

- (a) Once you have accepted the 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 Shares from the Offer or otherwise dispose of Your Shares, except as follows:
- (1) if, by the relevant times specified in Section 12.5(b), the conditions in Section 12.8 have not all been fulfilled or freed, this Offer will automatically terminate and Your Shares will be returned to you; or
  - (2) if the Offer Period is extended for more than one month and the obligations of Chandler Macleod to pay the consideration are postponed for more than one month and, at the time, this Offer is subject to one or more of the conditions in Section 12.8, you may be able to withdraw your acceptance and Your Shares in accordance with section 650E of the Corporations Act. A notice will be sent to you at the time explaining your rights in this regard.
- (b) The relevant times for the purposes of Section 12.5(a)(1) are:
- (1) in relation to the condition in Section 12.8(h), the end of the third business day after the end of the Offer Period; and
  - (2) in relation to all other conditions in Section 12.8, the end of the Offer Period.
- (c) By signing and returning the Acceptance Form, or otherwise accepting this Offer pursuant to Section 12.3, you will be deemed to have:
- (1) accepted this Offer (and any variation of it) in respect of, and, subject to all of the conditions to this Offer in Section 12.8 being fulfilled or freed, agreed to transfer to Chandler Macleod, all Your Shares (even if the number of RHD Shares specified on the Acceptance Form differs from the number of Your Shares), subject to Section 12.1(i) and Section 12.1(j);
  - (2) represented and warranted to Chandler Macleod, as a fundamental condition going to the root of the contract resulting from your acceptance, that at the time of acceptance, and the time the transfer of Your Shares (including any Rights) to Chandler Macleod is registered, that all Your Shares are and will be free from all mortgages, charges, liens, encumbrances and adverse interests of any nature (whether legal or otherwise) and free from restrictions on transfer of any nature (whether legal or otherwise), that you have full power and capacity to accept this Offer and to sell and transfer the legal and beneficial ownership in Your Shares (including any Rights) to Chandler Macleod, and that you have paid to RHD all amounts which at the time of acceptance have fallen due for payment to RHD in respect of Your Shares;
  - (3) irrevocably authorised Chandler Macleod (and any director, secretary, nominee or agent of Chandler Macleod) to alter the Acceptance Form on your behalf by inserting correct details relating to Your Shares, filling in any blanks remaining on the form and rectifying any errors or omissions as may be considered necessary by Chandler Macleod to make it an effective acceptance of this Offer or to enable registration of Your Shares in the name of Chandler Macleod;
  - (4) if you signed the Acceptance Form in respect of RHD Shares which are held in a CHESS Holding, irrevocably authorised Chandler Macleod (or any director, secretary, nominee or agent of Chandler Macleod) to instruct your Controlling Participant to initiate acceptance of this Offer in respect of Your Shares in accordance with Rule 14.14 of the ASX Settlement Operating Rules;
  - (5) if you signed the Acceptance Form in respect of RHD Shares which are held in a CHESS Holding, irrevocably authorised Chandler Macleod (or any director, secretary, nominee or agent of Chandler Macleod) to give any other instructions in relation to Your Shares to your Controlling Participant, as determined by Chandler Macleod acting in its own interests as a beneficial owner and intended registered holder of those RHD Shares;
  - (6) irrevocably authorised and directed RHD to pay to Chandler Macleod, or to account to Chandler Macleod for, all Rights in respect of Your Shares, subject, if this Offer is withdrawn, to Chandler Macleod accounting to you for any such Rights received by Chandler Macleod;
  - (7) irrevocably authorised Chandler Macleod to notify RHD on your behalf that your place of address for the purpose of serving notices upon you in respect of Your Shares is the address specified by Chandler Macleod in the notification;
  - (8) with effect from the time and date on which all the conditions to this Offer in Section 12.8 have been fulfilled or freed, to have irrevocably appointed Chandler Macleod (and any director, secretary or nominee of Chandler Macleod) severally from time to time as your true and lawful attorney to exercise all your powers and rights in relation to Your Shares, including (without limitation) powers and rights to requisition, convene, attend and vote in person, by proxy or by body corporate representative, at all

- general meetings and all court-convened meetings of RHD and to request RHD to register, in the name of Chandler Macleod or its nominee, Your Shares, as appropriate, with full power of substitution (such power of attorney, being coupled with an interest, being irrevocable);
- (9) with effect from the date on which all the conditions to this Offer in Section 12.8 have been fulfilled or freed, to have agreed not to attend or vote in person, by proxy or by body corporate representative at any general meeting or any court-convened meeting of RHD or to exercise or purport to exercise any of the powers and rights conferred on Chandler Macleod (and its directors, secretaries and nominees) in Section 12.5(c)(8);
- (10) agreed that in exercising the powers and rights conferred by the powers of attorney granted under Section 12.5(c)(8), the attorney will be entitled to act in the interests of Chandler Macleod as the beneficial owner and intended registered holder of Your Shares;
- (11) agreed to do all such acts, matters and things that Chandler Macleod may require to give effect to the matters the subject of this Section 12.5(c) (including the execution of a written form of proxy to the same effect as this Section 12.5(c) which complies in all respects with the requirements of the constitution of RHD) if requested by Chandler Macleod;
- (12) agreed to indemnify Chandler Macleod in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or SRN or in consequence of the transfer of Your Shares to Chandler Macleod being registered by RHD without production of your Holder Identification Number or your SRN for Your Shares;
- (13) represented and warranted to Chandler Macleod that, unless you have notified it in accordance with Section 12.1(j), Your Shares do not consist of separate parcels of RHD Shares;
- (14) irrevocably authorised Chandler Macleod (and any nominee) to transmit a message in accordance with Rule 14.17 of the ASX Settlement Operating Rules to transfer Your Shares to Chandler Macleod's Takeover Transferee Holding, regardless of whether it has paid the consideration due to you under this Offer;
- (15) agreed, subject to the conditions of this Offer in Section 12.8 being fulfilled or freed, to execute all such documents, transfers and assurances, and do all such acts, matters and things that Chandler Macleod may consider necessary or desirable to convey Your Shares registered in your name and Rights to Chandler Macleod; and
- (16) if you have elected to receive the Scrip Consideration, agreed to accept the Chandler Macleod Shares to which you have become entitled by acceptance of this Offer subject to the constitution of Chandler Macleod and have authorised Chandler Macleod to place your name on its register of shareholders in respect of those Chandler Macleod Shares.
- (d) The undertakings and authorities referred to in Section 12.5(c) will remain in force after you receive the consideration for Your Shares and after Chandler Macleod becomes registered as the holder of Your Shares.

## 12.6 PAYMENT OF CONSIDERATION

- (a) Subject to Sections 12.4(b), 12.6 and 12.7 and the Corporations Act, Chandler Macleod will provide the consideration due to you for Your Shares on or before the earlier of:
- (1) one month after the date of your acceptance or, if this Offer is subject to a defeating condition when you accept this Offer, within one month after this Offer becomes unconditional; and
  - (2) 21 days after the end of the Offer Period.
- (b) Where the Acceptance Form requires an additional document to be delivered with your Acceptance Form (such as a power of attorney):
- (1) if that document is given with your Acceptance Form, Chandler Macleod will provide the consideration in accordance with Section 12.6(a);
  - (2) if that document is given after your Acceptance Form and before the end of the Offer Period while this Offer is subject to a defeating condition, Chandler Macleod will provide the consideration due to you on or before the earlier of one month after this Offer becomes unconditional and 21 days after the end of the Offer Period;
  - (3) if that document is given after your Acceptance Form and before the end of the Offer Period while this Offer is not subject to a defeating condition, Chandler Macleod will provide the consideration due to you on or before the earlier of one month after that document is given and 21 days after the end of the Offer Period;

- (4) if that document is given after the end of the Offer Period, and the Offer is not subject to a defeating condition, Chandler Macleod will provide the consideration within 21 days after that document is given. However, if at the time the document is given, the Offer is still subject to a defeating condition that relates only to the happening of an event or circumstance referred to in section 652C(1) or (2) of the Corporations Act, Chandler Macleod will provide the consideration due to you within 21 days after the Offer becomes unconditional.
- (c) If you accept this Offer, Chandler Macleod is entitled to all Rights in respect of Your Shares. Chandler Macleod may require you to provide all documents necessary to vest title to those Rights in Chandler Macleod, or otherwise to give it the benefit or value of those Rights. If you do not give those documents to Chandler Macleod, or if you have received the benefit of those Rights, Chandler Macleod will deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by Chandler Macleod) of those Rights, together with the value (as reasonably assessed by Chandler Macleod) of the franking credits, if any, attached to the Rights. If you have elected to receive the Scrip Consideration, the number of Chandler Macleod Shares due to you under the Offer may be reduced accordingly.
- (d) If you have accepted the Offer and elected to receive the Scrip Consideration and you are a Foreign Shareholder, you will receive your share of the proceeds from the sale of the Chandler Macleod Shares in accordance with Section 12.7.
- (e) Payment of any cash amount to which you are entitled under the Offer will be made by cheque in Australian currency. Cheques will be posted to you at your risk by ordinary mail (or in the case of overseas shareholders, by airmail) to the address as shown on your Acceptance Form.
- (f) The obligation of Chandler Macleod to issue and allot any Chandler Macleod Shares to which you are entitled will be satisfied by Chandler Macleod:
- (1) entering your name on the register of members of Chandler Macleod; and
  - (2) dispatching or procuring the dispatch to you by prepaid post to your address recorded in RHD's register of members at 5.10am (Sydney time) on the Register Date, an uncertificated holding statement in your name (for issuer sponsored holdings) or a confirmation of issue (for CHESSE holdings). If Your Shares are held in a joint name, an uncertificated holding statement will be issued in the name of, and forwarded to, the holder whose name appears first in RHD's register of members at 5.10am (Sydney time) on the Register Date.
- (g) If at the time you accept the Offer any of the following:
- (1) *Banking (Foreign) Exchange Regulations 1959 (Cth)*;
  - (2) *Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth)*;
  - (3) *Charter of the United Nations (Sanctions – Afghanistan) Regulations 2008 (Cth)*;
  - (4) *Charter of the United Nations (Sanctions – Iraq) Regulations 2008 (Cth)*; or
  - (5) any other law of Australia,
- require that an authority, clearance or approval of the Reserve Bank of Australia, the Australian Taxation Office or any other government authority be obtained before you receive any consideration for Your Shares, or would make it unlawful for Chandler Macleod to provide any consideration to you for Your Shares, you will not be entitled to receive any consideration for Your Shares until all requisite authorities, clearances or approvals have been received by Chandler Macleod. As far as Chandler Macleod is aware, as at the date of this Bidder's Statement, the persons to whom this Section 12.6(g) will apply are: prescribed supporters of the former government of Yugoslavia; ministers and senior officials of the Government of Zimbabwe; persons associated with the former government of Iraq (including senior officials, immediate family members of senior officials, or an entity controlled by any of those persons); the Taliban; members of the Al Qaida organisation; and persons named in the list maintained pursuant to paragraph 2 of Resolution 1390 of the Security Council of the United Nations.

## 12.7 FOREIGN SHAREHOLDERS

- (a) If you are a Foreign Shareholder, you will not be entitled to receive Chandler Macleod Shares as the consideration for Your Shares as a result of accepting this Offer and electing to receive the Scrip Consideration. In this event, Chandler Macleod will:
- (1) arrange for the issue to a nominee approved by ASIC (**the Nominee**) of the number of Chandler Macleod Shares to which you and all other Foreign Shareholders would have been entitled but for Section 12.1(c) and the equivalent provision in each other offer under the Offer;
  - (2) cause the Chandler Macleod Shares so issued to be offered for sale by the Nominee on ASX as soon as practicable and otherwise in the manner, at the price and on such other terms and conditions as are determined by the Nominee; and
  - (3) cause the Nominee to pay to you the amount ascertained in accordance with the formula:  
$$\frac{N \times YS}{TS}$$
where:  
**'N'** is the amount which is received by the Nominee upon the sale of all Chandler Macleod Shares under this Section 12.7 less brokerage and sale expenses;  
**'YS'** is the number of Chandler Macleod Shares which would, but for Section 12.1(c), otherwise have been allotted to you; and  
**'TS'** is the total number of Chandler Macleod Shares allotted to the Nominee under this Section 12.7.
- (b) You will receive your share of the proceeds of the sale of Chandler Macleod Shares by the Nominee in Australian currency.
- (c) Payment will be made by cheque posted to you at your risk by ordinary mail (or in the case of overseas shareholders, by airmail) at the address provided on your Acceptance Form within the period required by the Corporations Act.
- (d) Under no circumstances will interest be paid on your share of the proceeds of the sale of Chandler Macleod Shares by the Nominee, regardless of any delay in remitting these proceeds to you.

## 12.8 CONDITIONS OF THIS OFFER

Subject to Section 12.9, the completion of this Offer and any contract that results from an acceptance of this Offer, are subject to the fulfilment of the conditions set out below:

- (a) **Minimum acceptance**  
Chandler Macleod has relevant interests in at least 50.1% of the RHD Shares by the later of:
- (1) 24 December 2010; and
  - (2) the date that is 10 days after the date on which dispatch of the Offer has been completed.
- (b) **Regulatory approvals**  
Before the end of the Offer Period, all approvals or consents that are required by law, or by any Government Agency, as are necessary to permit:
- (1) the Offer to be lawfully made to and accepted by RHD Shareholders; and
  - (2) the transactions contemplated by the Takeover Bid to be completed,
- are granted, given, made or obtained on an unconditional basis (or subject to such conditions as are acceptable to Chandler Macleod, in its absolute discretion), remain in full force and effect in all respects, and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew the same.
- (c) **No restraints**  
Between the Announcement Date and the end of the Offer Period (each inclusive):
- (1) there is not in effect any preliminary or final decision, order or decree issued by any court, the Takeovers Panel or any Government Agency;
  - (2) no action or investigation is announced, commenced or threatened by any court, the Takeovers Panel or any Government Agency; and
  - (3) no application is made to any court, the Takeovers Panel or any Government Agency (other than by Chandler Macleod or any associate of Chandler Macleod),



in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impact upon, the making of the Offers and the completion of any transaction contemplated by the Takeover Bid or which requires the divestiture by Chandler Macleod of any Shares or any material assets of the RHD Group.

(d) **Funding arrangements**

Between the Announcement Date and the end of the Offer Period, no person exercises or purports to exercise or states an intention to exercise any rights under any provision of any one or more agreement or one or more other instruments (other than the NAB Banking Facilities dated 18 September 2009), in each case which relates to the funding arrangements of the RHD Group and to which any member of the RHD Group is a party or by or to which any member of the RHD Group or any of its assets may be bound or be subject, which results or could reasonably be expected to result in:

- (1) any monies borrowed by a member of the RHD Group being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment or maturity date stated in such agreement or other instrument; or
- (2) any such agreement or other instrument being terminated or modified or any action being taken or arising thereunder,

and such result is material in the context of the RHD Group taken as a whole.

(e) **No Material Adverse Change**

Between the Announcement Date and the end of the Offer Period (each inclusive), there is no Material Adverse Change.

(f) **Major Transactions**

Between the Announcement Date and the end of the Offer Period (each inclusive), there is no Major Transaction.

(g) **Market disruption**

Between the Announcement Date and the end of the Offer Period (each inclusive), the All Ordinaries Index published by ASX does not close for 3 or more consecutive trading days at a level which is 15% or more below the level at which that index closed on the last trading day before the Announcement Date.

(h) **No prescribed occurrences**

Between the Announcement Date and the date 3 business days after the end of the Offer Period (each inclusive), there is no Prescribed Occurrence.

(i) **No other takeover offers**

No person (other than Chandler Macleod) announces or makes a takeover bid for Shares in RHD.



### 12.9 NATURE AND BENEFIT OF CONDITIONS

- (a) The conditions in Section 12.8 are conditions subsequent. The non-fulfilment of any condition subsequent does not, until the end of the Offer Period (or in the case of the conditions in Section 12.8(h), until the end of the third business day after the end of the Offer Period), prevent a contract to sell Your Shares from arising, but non-fulfilment of any of those conditions will have the consequences set out in clause 12.10(b).
- (b) Subject to the Corporations Act, Chandler Macleod alone is entitled to the benefit of the conditions in Section 12.8, or to rely on any non-fulfilment of any of them.
- (c) Each condition in Section 12.8 is a separate, several and distinct condition. No condition will be taken to limit the meaning or effect of any other condition.

### 12.10 FREEING THE OFFER OF CONDITIONS

- (a) Chandler Macleod may free this Offer, and any contract resulting from its acceptance, from all or any of the conditions subsequent in Section 12.8, either generally or by reference to a particular fact, matter, event, occurrence or circumstance (or class thereof), by giving a notice to RHD and to ASX declaring this Offer to be free from the relevant condition or conditions specified, in accordance with section 650F of the Corporations Act. This notice may be given:
  - (1) in the case of the condition in Section 12.8(h), not later than 3 business days after the end of the Offer Period; and
  - (2) in the case of all the other conditions in Section 12.8, not less than 7 days before the end of the Offer Period.
- (b) If, at the end of the Offer Period (or in the case of the conditions in Section 12.8(h), at the end of the third business day after the end of the Offer Period), the conditions in Section 12.8 have not been fulfilled and Chandler Macleod has not declared the Offer (or it has not become) free from those conditions, all contracts resulting from the acceptance of the Offer will be automatically void.

### 12.11 OFFICIAL QUOTATION OF CHANDLER MACLEOD SHARES

- (a) Chandler Macleod has been admitted to the official list of ASX. Shares of the same class as those to be issued as consideration have been granted official quotation by ASX.
- (b) An application will be made within 7 days after the start of the bid period to ASX for the granting of official quotation of the Chandler Macleod Shares to be issued in accordance with the Offer. However, official quotation is not granted automatically on application.
- (c) Pursuant to the Corporations Act, this Offer and any contract that results from your acceptance of it are subject to a condition that permission for admission to official quotation by ASX of the Chandler Macleod Shares to be issued pursuant to the Offer being granted no later than 7 days after the end of the bid period. If this condition is not fulfilled, all contracts resulting from the acceptance of the Offers will be automatically void.

### 12.12 NOTICE ON STATUS OF CONDITIONS

The date for giving the notice on the status of the conditions required by section 630(1) of the Corporations Act is 21 January 2011 (subject to extension in accordance with section 630(2) if the Offer Period is extended).

### 12.13 WITHDRAWAL OF THIS OFFER

- (a) This Offer may be withdrawn with the consent in writing of ASIC, which consent may be subject to conditions. If ASIC gives such consent, Chandler Macleod will give notice of the withdrawal to ASX and to RHD and will comply with any other conditions imposed by ASIC.
- (b) If, at the time this Offer is withdrawn, all the conditions in Section 12.8 have been freed, all contracts arising from acceptance of the Offer before it was withdrawn will remain enforceable.
- (c) If, at the time this Offer is withdrawn, the Offer remains subject to one or more of the conditions in Section 12.8, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant conditions have occurred).
- (d) A withdrawal pursuant to Section 12.13 will be deemed to take effect:
  - (1) if the withdrawal is not subject to conditions imposed by ASIC, on and after the date on which that consent in writing is given by ASIC; or
  - (2) if the withdrawal is subject to conditions imposed by ASIC, on and after the date on which those conditions are satisfied.

### 12.14 VARIATION OF THIS OFFER

Chandler Macleod may vary this Offer in accordance with the Corporations Act.

### 12.15 NO STAMP DUTY OR BROKERAGE

- (a) Chandler Macleod will pay any stamp duty on the transfer of Your Shares to it.
- (b) As long as Your Shares are registered in your name and you deliver them directly to Chandler Macleod, you will not incur any brokerage in connection with your acceptance of this Offer.

### 12.16 GOVERNING LAWS

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

## 13 Definitions and interpretation

### 13.1 DEFINITIONS

In this Bidder's Statement and in the Acceptance Form unless the context otherwise appears, the following terms have the meanings shown below:

Term	Meaning
<b>\$ or A\$</b>	Australian dollars, the lawful currency of the Commonwealth of Australia.
<b>Acceptance Form</b>	the acceptance form enclosed with this Bidder's Statement.
<b>Announcement Date</b>	the date on which the RHD directors recommend the Offer by Chandler Macleod, being 6 December 2010.
<b>ASIC</b>	the Australian Securities and Investments Commission.
<b>ASX Settlement</b>	ASX Settlement and Transfer Corporation Pty Ltd ABN 49 008 504 532.
<b>ASX Settlement Operating Rules</b>	the operating rules of the ASX Settlement which govern the administration of the Clearing House Electronic Sub-register System.
<b>ASX</b>	ASX Limited ABN 98 008 624 691.
<b>Bidder's Statement</b>	this document, being the statement of Chandler Macleod under Part 6.5 Division 2 of the Corporations Act relating to the Offer.
<b>Business Day</b>	means a day on which banks are open for business in Sydney, excluding a Saturday, Sunday or public holiday.
<b>Cash Consideration</b>	the all cash consideration.
<b>CGT</b>	capital gains tax.
<b>Chandler Macleod</b>	Chandler Macleod Group Limited (ABN 33 090 555 052).
<b>Chandler Macleod Shares</b>	fully paid ordinary shares in the capital of Chandler Macleod.
<b>CHESS Holding</b>	a number of RHD Shares which are registered on RHD share register being a register administered by the ASX Settlement and which records uncertificated holdings of shares.

Term	Meaning
<b>Controlling Participant</b>	in relation to Your Shares, has the same meaning as in the ASX Settlement Operating Rules.
<b>Corporations Act</b>	<i>the Corporations Act 2001</i> (Cth).
<b>Encumbrance</b>	any mortgage, lien, charge, pledge, assignment by way of security, security interest, title retention, preferential right or trust arrangement, claim or any other security arrangement or any other arrangement having the same effect.
<b>Foreign Shareholder</b>	a RHD Shareholder whose address as shown in the register of members of RHD is in a jurisdiction other than Australia and its external territories or New Zealand, unless Chandler Macleod otherwise determines (in its absolute discretion) after being satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make the Offer to a RHD Shareholder in the relevant jurisdiction and to issue Chandler Macleod Shares to such a RHD Shareholder on acceptance of the Offer, and that it is not unlawful for such a RHD Shareholder to accept the Offer in such circumstances in the relevant jurisdiction.
<b>Government Agency</b>	a government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity whether foreign, federal, state, territorial or local.
<b>Holder Identification Number</b>	has the same meaning as in the ASX Settlement Operating Rules.
<b>Interested Person</b>	has the meaning in Section 11.8 of this Bidder's Statement.
<b>Issuer Sponsored Holdings</b>	a holding of RHD Shares on RHD issuer sponsored sub-register.
<b>Listing Rules</b>	the Official Listing Rules of ASX, as amended and waived by ASX from time to time.
<b>Material Adverse Change</b>	any event, matter, change or condition occurs, is announced, or becomes known to Chandler Macleod (whether or not becoming public) where that event, 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 RHD Group (taken as a whole), or the business carried on by it.

Term	Meaning
<b>Major Transaction</b>	<p>except with the prior written consent of Chandler Macleod (not to be unreasonably withheld or delayed), or except to the extent fairly disclosed to Chandler Macleod prior to the date of this Bidder's Statement, or except in relation to obtaining director and officer run-off insurance in respect of the RHD directors in accordance with RHD's existing obligations under Access and Indemnity Deeds with each RHD director, a member of the RHD Group:</p> <ol style="list-style-type: none"> <li>1 acquires, offers to acquire or agrees to acquire one or more securities, companies or assets (or an interest in one or more securities, companies or assets) for an amount, or having a market value, in aggregate greater than \$250,000;</li> <li>2 disposes (including by grant of an Encumbrance), offers to dispose or agrees to dispose of one or more entities or assets (or an interest in one or more entities or assets) for an amount, or having a market value, in aggregate greater than \$250,000;</li> <li>3 enters into any corporate transaction (including terminating, voluntarily failing to renew or materially detrimentally varying a customer or supplier contract) which would or would be likely to involve a material change in the manner in which the RHD Group conducts its business, the nature (including balance sheet classification), extent or value of the liabilities of the RHD Group of an amount having a market value in aggregate greater than \$250,000;</li> <li>4 enters into or offers to enter into any joint venture, asset or profit-sharing, partnership, merger of businesses or of corporate entities (including through a dual listed company or stapled structure), involving a commitment of securities, assets or liabilities in aggregate greater than \$1,000,000;</li> <li>5 incurs, commits to, or brings forward the time for incurring or committing, or grants to another person a right the exercise of which would involve a member of the RHD Group incurring or committing to any capital expenditure or liability, or foregoing any revenue, for one or more related items or amounts of in aggregate greater than \$250,000, except for the incurrence of any capital expenditure announced by RHD prior to the Announcement Date or the incurrence of any capital expenditure or liability in accordance with the day-to-day operating activities of the RHD Group as conducted prior to the Announcement Date;</li> <li>6 makes any changes to its constitution or passes any special resolution;</li> <li>7 enters, agrees to enter into or renews any contract of service or varies or agrees to vary or terminates any existing contract of service with any current or proposed director or manager (or any other contract setting out rights and obligations, including future rights and obligations, of a current or proposed director) or makes or agrees to make any substantial change in the basis or amount of remuneration other than in the ordinary course of business;</li> <li>8 pays or agrees to pay any termination or retirement benefit or allowance to any current or proposed director, executive officer, manager or other employee, or makes or agrees to make any substantial change in the basis or amount of remuneration or, other than in the ordinary course of business, the terms of redundancy or other employee entitlements of any current or proposed director, executive officer, manager or other employee on foot at the date of this agreement (except as required by law or provided under any superannuation, provident or retirement scheme as in effect on the Announcement Date);</li> <li>9 announces, makes, declares, distributes or resolves to pay or provide any dividend, distribution, bonus or other share of its profits or assets (and whether in cash or in specie), other than the Permitted Dividend;</li> </ol>

Term	Meaning
<b>Major Transaction</b>	<p>10 is or becomes the subject of any litigation which is commenced, is threatened to be commenced, is announced, or is made known to Chandler Macleod (whether or not becoming public) or the RHD Group which may reasonably be expected to result in a judgment against any member of the RHD Group of \$500,000 or more, other than that which has been announced to ASX prior to the Announcement Date; or</p> <p>11 discloses (without having disclosed to ASX prior to the Announcement Date) the existence of any matter described in sub-paragraphs (1) to (10) above, or announces an intention or proposal to do anything described in sub-paragraphs (1) to (10) above.</p>
<b>Merged Group</b>	Chandler Macleod, following the successful acquisition of a relevant interest in all or a majority of RHD Shares.
<b>Nominee</b>	has the meaning as defined in Section 12.7 of this Bidder's Statement.
<b>Offer</b>	the offer for RHD Shares under the terms and conditions contained in Section 12 of this Bidder's Statement.
<b>Offer Period</b>	the period during which the Offer will remain open for acceptance in accordance with Section 12.2 of this Bidder's Statement.
<b>Participant</b>	an entity admitted to participate in the Clearing House Electronic Sub-register system under Rule 4.3.1 and 4.4.1 of the ASX Settlement Operating Rules.
<b>Permitted Dividend</b>	an interim dividend for the six months ending 31 December 2010 of up to \$0.02 per RHD Share, which may not be declared or paid before 1 February 2011.
<b>Prescribed Occurrence</b>	<p>the occurrence of, or agreement to do, any of the following:</p> <ol style="list-style-type: none"> <li>1 a member of the RHD Group converts all or any of RHD Shares into a larger or smaller number of shares;</li> <li>2 a member of the RHD Group resolves to reduce its share capital in any way;</li> <li>3 a member of the RHD Group: <ul style="list-style-type: none"> <li>• enters into a share buy-back agreement; or</li> <li>• resolves to approve the terms of a share buy-back agreement under applicable law or regulation;</li> </ul> </li> <li>4 a member of the RHD Group issues, or agrees to issue, RHD Shares or other securities or instruments, or grants an option over RHD Shares, securities or instruments, or agrees to make such an issue or grant such an option;</li> <li>5 a member of the RHD Group issues or agrees to issue any options, awards or other instruments convertible into any RHD Shares or other securities in the capital of such member of the RHD Group (other than pursuant to an obligation which exists at the date of this agreement);</li> <li>6 a member of the RHD Group disposes, or agrees to dispose, of the whole, or a substantial part of its business or property;</li> <li>7 a member of the RHD Group Encumbers, or agrees to Encumber, the whole, or a substantial part of its business or property;</li> <li>8 a member of the RHD Group resolves that it be wound up;</li> <li>9 a liquidator or provisional liquidator of a member of the RHD Group is appointed;</li> <li>10 a court makes an order for the winding up of a member of the RHD Group;</li> <li>11 an administrator of a member of the RHD Group is appointed under section 436A, 436B or 436C of the Corporations Act;</li> <li>12 a member of the RHD Group executes a deed of company arrangement; or</li> <li>13 a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of a member of the RHD Group.</li> </ol>

Term	
<b>Register Date</b>	the date set by Chandler Macleod under section 633(2) of the Corporations Act, being 6 December 2010.
<b>RHD</b>	Ross Human Directions Limited (ABN 25 003 758 709).
<b>RHD Board</b>	the board of directors of RHD.
<b>RHD Shareholder</b>	a holder of RHD Shares as at the Register Date.
<b>RHD Group</b>	RHD and its subsidiaries (as defined in the Corporations Act).
<b>RHD Shares</b>	fully paid ordinary shares in the capital of RHD.
<b>Rights</b>	all accreditations, rights or benefits of whatever kind attaching or arising from RHD Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends or other distributions and all rights to receive them or rights to receive or subscribe for shares, notes, bonds, options or other securities declared, paid or issued by RHD or any of its subsidiaries).
<b>Scheme Booklet</b>	document outlining the proposed scheme of arrangement between RHD and Peoplebank.
<b>Scrip Consideration</b>	the all scrip consideration.
<b>SRN</b>	has the same meaning as in the ASX Settlement Operating Rules.
<b>Takeover Bid</b>	the off market takeover bid constituted by the dispatch of the Offers in accordance with the Corporations Act.
<b>Takeover Transferee Holding</b>	has the same meaning as in the ASX Settlement Operating Rules.
<b>Your Shares</b>	subject to Section 12.1(i) and Section 12.1(j), the RHD Shares (a) in respect of which you are registered, or entitled to be registered, as holder in the register of shareholders of RHD at 5.10am (Sydney time) on the Register Date, or (b) to which you are able to give good title at the time you accept this Offer during the Offer Period.



## 13.2 INTERPRETATION

In this Bidder's Statement and in the Acceptance Form, unless the context otherwise requires:

- (a) words and phrases have the same meaning (if any) given to them in the Corporations Act;
- (b) words importing a gender include any gender;
- (c) words importing the singular include the plural and vice versa;
- (d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (e) a reference to a Section, attachment and schedule is a reference to a Section of and an attachment and schedule to this Bidder's Statement as relevant;
- (f) a reference to any statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances, or by-laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;
- (g) headings and bold type are for convenience only and do not affect the interpretation of this Bidder's Statement;
- (h) a reference to time is a reference to time in Sydney, Australia;
- (i) a reference to writing includes facsimile transmissions; and;
- (j) a reference to dollars, \$, A\$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.



## 14 Approval of Bidder's Statement

This Bidder's Statement has been approved by a unanimous resolution passed by the directors of Chandler Macleod.

Date 8 December 2010

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Signed on behalf of  
**Chandler Macleod Group Limited**  
by

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Sign here



Print name

Director  
John Plummer

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