



HopgoodGanim

LAWYERS

15 April 2011

By Hand Delivery

Site Group International Limited
Level 20
144 Edward Street
Brisbane QLD 4000

Copy to:

McCullough Robertson
Central Plaza 2
Level 11
66 Eagle Street
Brisbane Qld 4000

Our Ref: 1107315 – Matthew Wilkinson

Dear Sir/Madam

Careers Australia Group Limited - Takeover Offer by Site Group International Limited ACN 003 201 910

We act for Careers Australia Group Limited (**CAG**).

In accordance with Item 11 of Section 633(1) of the *Corporations Act*, please find **attached** the Target's Statement of CAG dated 15 April 2011, together with the Independent Expert Report prepared by Crowe Horwath dated 15 April 2011, in response to the takeover offer by Site Group International Limited for all of the shares in CAG.

Yours faithfully



HopgoodGanim Lawyers

Contact **Nicole Radice**
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Our Experience - Your Education

Target's Statement

of Careers Australia Group Limited ACN 122 171 840 in response to the Offer by Site Group International Limited ACN 003 201 910 to acquire all of your Shares in Careers Australia Group Limited.

The Independent Directors of Careers Australia Group Limited recommend by majority that you

REJECT

Site's Unsolicited Offer

This document contains important information and requires your immediate attention. It should be read in its entirety.

If you are in doubt about how to deal with this document, you should consult your legal, financial or other professional adviser immediately.

Legal Adviser



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Important Notices

Nature of this document

This Target's Statement is dated 15 April 2011 and is given under Part 6.5 of the *Corporations Act 2001* (Cth) by Careers Australia Group Limited ACN 122 171 840 (**Careers Australia**) in response to the Bidder's Statement and Offer dated 31 March 2011 from Site Group International Limited ACN 003 201 910 (**Site**).

You should read this Target's Statement in its entirety.

Although this Target's Statement references sections of the Bidder's Statement, Careers Australia and the Directors do not take any responsibility for the contents of the Bidder's Statement and are not endorsing any of the statements contained in it.

Australian Securities and Investments Commission (ASIC)

A copy of this Target's Statement was lodged with ASIC on 15 April 2011. ASIC nor any of its officers takes any responsibility for the content of this Target's Statement.

Investment Decision

This Target's Statement does not take into account the individual investment objectives, financial situation and particular needs of each Careers Australia shareholder. You may wish to seek independent financial and taxation advice before making a decision as to whether or not to accept the Site Offer for your Careers Australia Shares.

Interpretation

Terms used in this Target's Statement are defined in Section 15 of this document.

Information line

If you have any questions in relation to the Offer or this document, please call 1300 887 696 (for callers within Australia) or +61 419967524 (for callers outside Australia).

Forward Looking Statements

This Target's Statement contains forward looking statements, including statements of current intentions, statements of opinion and predictions as to possible future events. 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 Careers Australia is involved as well as general economic conditions 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 and such deviations are both normal and to be expected. While Careers Australia believes that the expectations reflected in the forward looking statements in this document are reasonable, no assurance can be given that such expectations will prove to be correct. Matters as yet not known to Careers Australia or not currently considered material by Careers Australia, may cause actual results of events to be materially different from those expressed, implied or projected in any of these forward looking statements.

None of Careers Australia, any of its officers, or any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation or warranty (either express or implied) as to the accuracy or likelihood in any forward looking statement, and you should not place undue reliance on these statements.

Forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

Key Dates

Date of the Offer	31 March 2011
Date of this Target's Statement	15 April 2011
Scheduled close of Offer Period (unless extended)	20 May 2011



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KEY FACTORS FOR CAREERS AUSTRALIA SHAREHOLDERS TO CONSIDER

**WHY THE INDEPENDENT DIRECTORS OF
CAREERS AUSTRALIA RECOMMEND BY MAJORITY
THAT CAREERS AUSTRALIA SHAREHOLDERS**

REJECT

SITE'S UNSOLICITED OFFER

- **Site's Offer does not adequately reflect the strategic value that Careers Australia can deliver**
- **The value of Site's Offer is uncertain**
- **Site is fundamentally a 'start-up' company with a different delivery profile with the consequent risks associated therewith**
- **The only publicly available financial information available for Site is the net loss of more than \$5.1m for the 6 month ended 31 December 2010**

CHAIRMAN'S LETTER

15 April 2011

Dear Shareholder,

THE INDEPENDENT DIRECTORS RECOMMEND BY MAJORITY YOU REJECT SITE'S TAKEOVER OFFER

Site has made an unsolicited offer to acquire your Careers Australia Group Limited (**Careers Australia**) Shares. Site is offering 3.5 Site Shares for 1 of your Careers Australia Shares (**Offer**). This document is Careers Australia's Target's Statement which sets out your Board's recommendation in relation to the Offer and the reasons for your Independent Director's recommendations.

Your Independent Directors have carefully assessed Site's Offer.

Your Independent Directors by majority recommend that you reject Site's Offer.

The majority of the Independent Directors have decided to **REJECT** Site's Offer in relation to their own shares in Careers Australia.

Darryl Somerville has decided for the reasons set out in Section 8.4 to accept Site's Offer for all of the Careers Australia Shares he owns or controls in the absence of a Superior Offer.

To reject Site's Offer, you do not need to do anything in relation to any documents received from Site.

A summary of the key reasons for the Rejecting Director's recommendation is set out below.

1. Site's Offer does not adequately reflect the strategic value that Careers Australia can deliver.
2. The value of Site's Offer is uncertain.
3. The only publicly available financial information available for Site is the net loss of more than \$5.1m for the 6 month ended 31 December 2010.
4. The capacity for the merged companies to raise capital required for Careers Australia to continue its growth strategy is uncertain.
5. Careers Australia has built a strong, national platform in servicing the growing demand for skills aligned with the vocational training sector and is well placed to deliver future growth that will enhance shareholder value.
6. Site is fundamentally a 'start-up' company with a different delivery profile with the consequent risks associated therewith.
7. Site's Offer is conditional and unclear as to the future financial requirements of Site's operations and future capital needs for Careers Australia's planned growth.
8. Site's Offer indicates that Careers Australia's, CEO, Mr Patrick McKendry, would be invited to be the CEO of the Merged Group. Mr McKendry has advised the Careers Australia Board that if the Site Offer is successful he would take that opportunity to consider his position with the Merged Group.
9. Careers Australia has a unique combination of assets that are difficult to replicate, along with a great future that will drive its long-term value.

Although the Rejecting Directors intend to reject Site's Offer in relation to their own shares and recommend that Careers Australia Shareholders also reject Site's Offer, some Careers Australia Shareholders might want to accept the Offer. It is possible under the terms of the Offer for Site to acquire control (but not 100% ownership) of Careers Australia. If Site controls Careers Australia there will be risks in being a minority shareholder in Careers Australia. Further, there is no certainty that Site will increase its Offer consideration or make another higher offer in the future.

Ultimately, your decision with respect to Site's Offer should depend on your own financial investment profile, circumstances and risk appetite. Accordingly, your Board encourages you to read this Target's Statement having regard to your own circumstances, particularly the Independent Director's reasons for their recommendations and the risk factors which are set out in this Target's Statement. If you are in any doubt as to the action that you should take in relation to the Offer, you should consult a professional adviser. You have ample time to assess

Site's Offer and monitor developments because Site's Offer is not scheduled to close until at least 5.00pm (Brisbane time) on 20 May 2011 and may be extended.

Your Board will continue to keep you updated on developments as they occur. In the meantime if you have any questions in relation to this Target's Statement or your shareholding in Careers Australia, please call our Chief Executive Officer Mr Patrick McKendry on 0419 716 244 or myself on 0413 988 988.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Trevor C Rowe', with a stylized flourish at the end.

**Trevor C Rowe, AM DUniv
Chairman**

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1. Your Independent Directors' Recommendation

After taking into account each of the matters described in this document, in particular the reasons to REJECT the Offer set out in Section 3, a majority of your Independent Directors recommends that you REJECT Site's Offer and take no action at this stage.

One Independent Director, for the reasons set out in Section 8.4, recommends that Careers Australia Shareholders ACCEPT the Site Offer.

Details of the interests of your Directors and their intentions in respect of their shareholdings are set out in Section 8.5.

2. How to REJECT Site's Offer

- 2.1 To **REJECT** Site's Offer, **TAKE NO ACTION**.
- 2.2 You should read this Target's Statement in full. This Target's Statement contains the Rejecting Directors' recommendation to REJECT the Site Offer and the reasons for this recommendation as well as the Accepting Director's reasons for recommending the Site Offer be accepted.
- 2.3 If you have any queries concerning the Site Offer please contact the Careers Australia Information Line from 9 a.m. to 5 p.m. weekdays on 1300 887 696.

3. Reasons why shareholders should REJECT Site's Offer

In response to the Site Offer, the Independent Directors appointed Crowe Horwath to prepare an Independent Expert's Report for provision to Careers Australia Shareholders to assist them in deciding whether to recommend to Careers Australia Shareholders to accept or reject the Site Offer

Crowe Horwath concluded that the Site Offer was fair and reasonable. However, included in their report was a list of advantages and disadvantages that Careers Australia Shareholders should consider in making their decision whether to accept the Site Offer.

Notwithstanding that the Independent Expert has provided a fair and reasonable recommendation, the Rejecting Directors do not consider the Site Offer to be in the 'best interests' of the Careers Australia Shareholders for the reasons set out in this Target's Statement.

In formulating a recommendation, the Independent Directors have considered the opinion of Crowe Horwath as well as other key issues relevant to the Site Offer and considered the Site Offer in light of other capital raising options Careers Australia has been pursuing..

The Independent Directors have considered the following:

- (a) Careers Australia has received several alternative indicative offers in relation to potential equity investments in Careers Australia. Careers Australia has also appointed advisors to assist the Company to list on the ASX. Accordingly, Careers Australia is in the midst of a dual track process which is only at a preliminary stage. As this process has the potential to become more competitive, Careers Australia Shareholders may obtain a Superior Offer to the Site Offer, at a more advanced stage of the dual track process;
- (b) The Merged Group has a higher risk profile than Careers Australia.

The Site business has a higher risk profile than that of Careers Australia. Specifically, in comparison to Careers Australia, Site:

- (1) is at an earlier stage of development, than Careers Australia. Ceteris paribus, early stage businesses are considered to be riskier than more developed businesses.
 - (2) is loss making.
 - (3) has an operation in the Philippines which adds regulatory and sovereign risk to an investment in Site.
 - (4) Is exposed to foreign exchange risk, and made foreign exchange losses (in excess of \$1M) in the half year to 31 December 2010.
 - (5) has entered a long term lease with Clark Development Corporation. There are a number of circumstances in which the lease may be terminated in which case Site does not have any rights to compensation or reimbursement for funds expended on the leased land.
- (c) The consideration for the Site Offer consists of Site ordinary shares which are illiquid.
- Site shares are currently illiquid and there is a risk that this lack of liquidity may transfer to the Merged Group. However the liquidity of the shares in the Merged Group should be enhanced due to an expanded shareholder base compared to Site, and the Merged Group will also be significantly larger and have a broader operating base than Site.
- (d) The Site Offer represents an acquisition for Careers Australia.
- There may be other acquisitions in the market that better suit Careers Australia's objectives. The Site Offer represents a reverse takeover of Site by Careers Australia. Careers Australia's board and management should be entitled to consider other acquisitions, if this is part of its strategy. Alternative acquisitions may better suit Careers Australia's objectives and shareholders interests.
- (e) The information provided in relation to Site's operations has been limited.
- Both Crowe Horwath and the Independent Directors have had limited time to investigate the operations of Site. Had alternative mechanisms been used to achieve a merger of Site and Careers Australia instead of an off-market takeover offer, an appropriate level of due diligence on Site may have been able to be undertaken.
- (f) The Merged Group management may prioritise an improvement in Site's performance.
- As Site's operations are at an earlier stage of development than Careers Australia and are not yet profitable, senior management of the Merged Group may need to prioritise an improvement in Site's performance. This may impact the execution of Careers Australia's current growth strategy.
- (g) Dilution of existing ownership
- If the Site Offer is successful, Careers Australia shareholders will hold 73% of the Merged Group. Careers Australia shareholders will be diluted due to 27% of the Merged Group being held by existing Site shareholders and will have a reduced ability to share in the opportunities of Careers Australia in the future.
- (h) Tax rollover relief will not be available if acceptances are below 80%.
- As set out in the Bidder's Statement, should acceptances be below 80% tax rollover relief will not be available to Careers Australia shareholders. The Australian tax implications of the Site Offer are outlined in more detail in Section 8 of the Bidder's Statement. Careers Australia shareholders should consult their tax adviser regarding their personal circumstances.

In conclusion, the Independent Directors are of the majority opinion that Careers Australia Shareholders should **REJECT** the Site Offer for the reasons set out below.

3.2 Other alternative opportunities for Careers Australia

Careers Australia has, for some months, been exploring avenues in which to raise capital. This process was initiated with the commencement of a proposed initial public offering and ASX Listing. In addition, Careers Australia received “expressions of interest” from a number of private equity participants and investment houses. The Rejecting Directors believe that, whilst none of these options are currently at the stage of putting to Careers Australia Shareholders for consideration, alternative opportunities do exist for Careers Australia to meet its funding requirements and, in the event that the Site Offer is not successful, would continue to pursue these opportunities with a view to realising the organic growth plans of Careers Australia.

3.3 Business Integration Risks

The Rejecting Directors have serious concerns about the integration of the two businesses. Site is a start-up company with a significantly higher risk profile that comes with that operational phase. Careers Australia on the other hand, is a well established company which operates profitably within Australia. Careers Australia has a unique combination of assets which may be exposed through a merger with a start up operation such as Site. The Rejecting Directors believe that management need to continue to focus on Careers Australia’s organic growth opportunities, rather than assuming responsibility for a start-up business.

3.4 Uncertainty of the Site Offer

Site has not approached its shareholders to approve the Site Offer which is a requirement under Listing Rule 10.1 as a result of related parties and substantial shareholders of Site also having a significant holding in Careers Australia. Whilst the Independent Directors have been advised that Site has made an application to ASX for a waiver from the requirements of Listing Rule 10.1, as at the date of this Target’s Statement, the Independent Directors are not aware that such a waiver has been granted. If the ASX waiver is not granted and Site does not obtain the approval of Site Shareholders, the Site Offer will not be able to proceed without Site being in breach of the Listing Rules. The Site Offer is not conditional upon either shareholder approval or a waiver from Listing Rule 10.1.

3.5 Inability of Major Careers Australia Shareholders to accept the Site Offer

As discussed in section 3.4, Site has not obtained either Site shareholder approval to the Site Offer under Listing Rule 10.1 or, as at the date of this Target’s Statement, so far as the Rejecting Directors are aware, a waiver from ASX for this requirement. Accordingly, as at the date of this Target’s Statement, Site does not have the required authority under Listing Rule 10.1 to acquire the Careers Australia Shares held by the major shareholders in Careers Australia, being Vern Wills and his Associates and Talbot Group Holdings Pty Ltd. These major shareholders combined hold approximately 42% of Careers Australia.

3.6 Lack of Opportunity for Due Diligence

If the Site Offer is successful, Careers Australia Shareholders will in fact control Site – the Site Offer amounts to a reverse takeover. As a result, the Site Offer is essentially forcing Careers Australia to acquire Site with the ability to undertake only limited due diligence and without the ability to give the measured consideration the Rejecting Directors would ordinarily give to the transaction.

3.7 Access to Capital

Careers Australia requires capital in order to expand the business and achieve its goals over the next few years. The Rejecting Directors have concerns about Site’s ability to raise sufficient funds to enable such growth following a merger of the two companies. These concerns are based on:

- (a) the start up nature of the Site business operations;
- (b) the risk of operating in foreign jurisdictions; and

- (c) the ability of Site to raise capital without a disclosure document under the Corporations Act unless relief is provided by ASIC as the Rejecting Directors believe that Site is unable to rely on the provisions of Section 708A of the Corporations Act and therefore any shares issued by Site without a disclosure document will in effect be subject to restrictions on disposal.

3.8 Liquidity in Site Shares

There is very limited liquidity in Site Shares. In the 3 months to 7 April 2011, 2.81% of the issued capital of Site was traded, with a total value of \$766,460. In the 10 business days to 7 April 2011, the trades in Site Shares represent 0.02% of the issued capital, with a value of \$5,500. Whilst accepting the Site Offer may result in holding listed securities – there is a risk that there will be limited opportunities to realise any value for holding such securities, particularly if there is a limited acceptance of the Site Offer by Careers Australia Shareholders.

3.9 Uncertain Value of Site Offer

Crowe Horwath stated in their report that the Site Shares are illiquid and placed limited reliance on the share price. Careers Australia Shareholders should not rely on the share price as an indicator of value for a Site Share and understand that the consideration they receive, being Site Shares, will be subject to the volatilities of the share market. Careers Australia Shareholders should further consider the volatility a Site Share may have given the Site business has a limited operating history and is yet to generate significant revenue or a profit.

In addition, a substantial number of Site Shares are currently escrowed for a period of 12 to 24 months. This may have an effect on liquidity of the Site Shares even after those Site Shares are released from escrow.

3.10 Change in control risks

Careers Australia is currently a party to a number of funding agreements and other material contracts that support its business. Some of these major contracts include provisions whereby a change in control may trigger the ability of the other party to these contracts to terminate those agreements. If these provisions are triggered by the Site Offer (through Site changing the composition of the Careers Australia Board), this may result in Careers Australia losing its revenue base as well as other significant assets. Careers Australia cannot determine what if any contracts will be affected in this regard as the action that may trigger change in control provisions will be at the discretion of Site.

3.11 Uncertainty of management

Site has advised in its Bidder's Statement that it intends to invite Patrick McKendry to join the Site Board as an executive director and CEO of the Merged Group. Mr McKendry has advised the Careers Australia Board that if the Site Offer was successful and Mr McKendry was offered this position, he would take that opportunity to consider his position with the Merged Group.

Site has also advised that it is their intention to retain other key members of the Careers Australia executive team and board. There is no guarantee that any Careers Australia management will accept any positions offered to them by Site or the Merged Group.

3.12 Site business risks

Site's business is predominantly operated in the Philippines. There are inherent business risks with operations in foreign jurisdictions. Careers Australia operates in the Australian market with limited exposure to the risks that Site has from its foreign operations. The merger of the two business operations would expose Careers Australia to risks from which it is currently, to a large extent, not exposed.

3.13 Potential tax consequences

Site acknowledges in the Bidder's Statement that if Site acquires less than 80% of the Careers Australia Shares, then it is possible that the exchange of Careers Australia Shares for Site Shares will not qualify for CGT Roll Over relief.

If CGT Roll Over relief is not available, depending upon the circumstances of individual Careers Australia Shareholders, a capital gain may be realised in the financial year in which the Shares are exchanged.

If Site does not obtain shareholder approval under Listing Rule 10.1 or a waiver of that Listing Rule, Site will be unable to acquire the Careers Australia Shares held by Vern Wills and his Associates and Talbot Group Holdings Pty Ltd (which amounts to approximately 42% of Careers Australia). In these circumstances there is a significant risk if you accept the Site Offer you may be exposed to capital gains tax.

In addition, given the Rejecting Directors and their Associates intend to reject the Site Offer in relation to the Careers Australia Shares that they hold, Site will not acquire a Relevant Interest in at least 14.69% of Careers Australia. As noted above and in section 12.8 of this Target's Statement, if Careers Australia Shareholders retain their ownership of Careers Australia Shares to the extent of more than 20% of the Company, any Careers Australia Shareholders that accept the Site Offer are unlikely to be able to rely on CGT Roll Over relief and are at risk of being liable for capital gains tax in accepting the Site Offer and transferring their Careers Australia Shares to Site.

3.14 Lack of certainty of financial information

Careers Australia has not been privy to any formal information relating to the expected financial position of Site as at 30 June 2011. Whilst Site provided limited financial projections to Careers Australia, this was on the basis that the information was prepared for internal management purposes only and was not suitable to be relied on as forecast financial information. Therefore the Rejecting Directors have been able to place limited reliance on this information. In addition, the Independent Directors requested profit guidance for the financial year ending 30 June 2011 (as no such information has been disclosed to the market). This information was requested to assist the Independent Directors to evaluate Site's potential position as at 30 June 2011. The Independent Directors did not receive any such profit guidance information and therefore have not been able to assess the likely financial position of Site as at 30 June 2011.

3.15 Growth opportunities for Careers Australia

The Rejecting Directors believe that there remain significant growth opportunities for Careers Australia within Australia, without the need to expose Careers Australia to foreign risk. Careers Australia currently has significant excess capacity which is planned to be utilised through the organic growth business plans of the Company. The current business plans of Careers Australia are based on organic growth, with no acquisition (such as that is being proposed by the Site Offer) currently contemplated.

4. Fair and Reasonable versus 'best interests' of Careers Australia Shareholders

Your Independent Directors appointed Crowe Horwath to prepare an independent assessment of the Site Offer. The conclusion of the IER was that the Site Offer is fair and reasonable.

RG 111.11 states that an offer is reasonable if it is fair. Therefore, because the offer is fair, it is deemed to be reasonable. Crowe Horwath found the Site Offer to be fair and therefore reasonable, however they also identified a number of advantages and disadvantages of the Site Offer.

In formulating their recommendation, your Board has considered the opinion of Crowe Horwath, including the advantages and disadvantages identified by Crowe Horwath in their Report.

The Rejecting Directors have concluded that whilst an offer can be fair and therefore reasonable (because it is fair), it may not be in the best interests of the shareholders.

In the case of the Site Offer, there are a number of matters in addition to the Crowe Horwath Report which the Rejecting Directors consider relevant to the Careers Australia Shareholders. The matters that your Rejecting Directors have considered in this regard with respect to the Site Offer are set out in Section 3 of this Target's Statement.

In addition, Crowe Horwath have set out in their report a number of advantages and disadvantages with respect to the Site Offer. In summary, these are:

Advantages

- The Offer will result in Careers Australia (through the Merged Group) being listed on the ASX, thus potentially increasing Careers Australia's ability to access equity capital which it requires to fund its future growth plans.
- The Site Offer provides Careers Australia Shareholders with liquidity through the issue of Site Shares which are listed on the ASX.
- The business of the Merged Group will be more diverse with operations in both Australia and the Philippines.
- The growth profile may be enhanced given Site is at an earlier stage of development than Careers Australia.
- Tax roll-over relief may be available provided acceptances exceed 80%.

Disadvantages

- Careers Australia has received alternative offers to the Site Offer and has also appointed advisors to assist the Company to list on the ASX. Given some of these alternatives were only at a preliminary stage, they have the potential to be more competitive and attractive to Careers Australia Shareholders.
- Uncertainty of the Merged Group board.
- The Merged Group has a higher risk profile than Careers Australia.
- The consideration for the Site Offer consists of Site ordinary shares which are currently illiquid. This may transfer to the Merged Group.
- The Site Offer represents an acquisition for Careers Australia. There may be other acquisitions in the market that better suit Careers Australia objectives.

- The information provided in relation to Site's operations has been limited.
- The Merged Group management are likely to prioritise an improvement in Site's operations which may impact on the execution of Careers Australia's current growth strategy.
- Dilution of existing ownership if the Site Offer is successful.
- Tax rollover relief will not be available if acceptances are below 80%.

Whilst the majority of the Independent Directors recommend that you **REJECT** the Site Offer, the Independent Directors wish to ensure that Careers Australia Shareholders are aware that if they were to accept the Offer, Careers Australia Shareholders may achieve a realisation of their investment in Careers Australia in a shorter time frame by holding Site Shares than if they retained their Careers Australia Shares. If a Careers Australia Shareholder accepted the Site Offer, and was issued with Site Shares, they would have the opportunity to sell those Site Shares on market to realise their investment. Having said that, the Rejecting Directors note that there are a number of risks associated with this manner of realisation of an investment in Careers Australia Group, namely:

- (a) there is limited liquidity in Site Shares and therefore there may be limited opportunity to realise your investment;
- (b) there can be no certainty as to the price at which Site Shares will be able to be traded; and
- (c) there are potential adverse tax consequences from accepting the Site Offer if less than 80% of Careers Australia Shares are acquired by Site.

5. The Rejecting Directors who control 14.69% of the Careers Australia Shares intend to REJECT the current Site Offer

The Independent Directors control 16.62% of the Careers Australia Shares. Of this, the Rejecting Directors control 14.69% and, for the reasons set out in Section 3 of this Target's Statement, intend to REJECT Site's Offer in respect of the Careers Australia shares held by them or on their own behalf.

In addition, as at the date of this Target's Statement, Site has not obtained either Site shareholder approval to the Site Offer under Listing Rule 10.1 or, so far as the Rejecting Directors are aware, a waiver from ASX for this requirement. Accordingly, as at the date of this Target's Statement, Site does not have the required authority under Listing Rule 10.1 to acquire the Careers Australia Shares held by the major shareholders in Careers Australia, being Vern Wills and his Associates and Talbot Group Holdings Pty Ltd. These major shareholders combined hold approximately 42% of Careers Australia.

Set out below are the Rejecting Directors (and their Associates) relevant interest in Careers Australia Shares:

Rejecting Director**	Total relevant interests in Shares	% of total Shares on issue
Mr Trevor Rowe	13,050,000	12.61%
Mr Patrick McKendry*	1,150,000	1.11%
Mr Patrick Grier	1,000,000	0.97%
TOTAL	15,000,000	14.69%

* Note: Details of Mr McKendry's Options are set out in Section 13.3.

** Note: Includes direct and indirect interests in securities and the interests of Associates.

The above table does not include the interests (direct and indirect) of:

- (a) Mr Vern Wills and his Associates. Mr Wills has taken a leave of absence from the Careers Australia Board and the Independent Directors have not been advised by Mr Wills of his intentions with regard to the Site Offer; or
- (b) Mr Darryl Somerville, the remaining Independent Director. Mr Somerville has a relevant interest in 2,000,000 Shares representing 1.93% of the total Shares on issue and intends to ACCEPT the Site Offer in respect of those Shares (in the absence of a Superior Offer).

6. Frequently Asked Questions about the Offer

- 6.1 For the purposes of enabling you to understand some of the complex issues which arise during the process of a takeover, we provide this question and answer guide.

Question	Answer	Further Information
Who is the Bidder?	Site Group International Limited, an ASX listed company.	-
How many Shares does Site hold in Careers Australia?	Site currently holds no Careers Australia Shares.	-
What is the Offer?	Site is seeking to acquire all of your Careers Australia Shares with the consideration payable being 3.5 Site Shares for every Careers Australia Share held by you.	Section 7

<p>Is the Offer conditional?</p>	<p>Yes. The Offer is subject to a number of conditions identified in Schedule 2 of the Bidder's Statement, including that Site acquire a relevant interest in at least 90% of Careers Australia Shares.</p> <p>The Offer is also conditional on:</p> <ul style="list-style-type: none"> • Careers Australia Options being exercised, cancelled or transferred to Site • Regulatory approvals being granted before the end of the Offer Period • No regulatory action taken between the Announcement Date and the end of the Offer Period • No "Prescribed Occurrences" (as defined in the Bidder's Statement) between the Announcement Date and the end of the Offer Period • No "Material Adverse Change" (as defined in the Bidder's Statement) between the Announcement Date and the end of the Offer Period • No Superior Offer (as defined in the Bidder's Statement) between the Announcement Date and the end of the Offer Period <p>These conditions may be triggered as described in Section 11.2 of this Target's Statement, allowing Site not to proceed with its Offer.</p> <p>If these conditions are not satisfied or waived before the Offer closes, the Offer will lapse.</p>	<p>Section 11</p>
<p>What are my alternatives?</p>	<p>You can either:</p> <ol style="list-style-type: none"> 1. accept the Offer; or 2. reject the Offer by doing nothing. <p>The Rejecting Directors recommend that you REJECT the Offer.</p> <p>The Accepting Director recommends that you ACCEPT the Offer.</p>	<p>Section 7</p> <p>Sections 1, 2, 3, 5</p> <p>Sections 1, 8.4</p>

What do the Directors recommend?	<p>The Rejecting Directors recommend that you REJECT the Offer.</p> <p>The Accepting Director recommends that you ACCEPT the Offer.</p> <p>The reasons for each are set out in this Target's Statement.</p>	<p>Sections 1, 2, 3, 5</p> <p>Sections 1, 8.4</p>
How do I REJECT the Offer	To REJECT the Offer , you do not need to do anything. Do not respond to any calls or correspondence from Site.	Sections 2, 7.6
How do I ACCEPT the Offer?	<p>You can ACCEPT the Offer by:</p> <p>Complete and sign the Acceptance Form in accordance with the instructions in the Bidder's Statement and return to Registries Limited, GPO Box 3993, Sydney NSW 2001 before the end of the Offer Period.</p>	Section 7.4
When does the Offer close?	The Offer closes at 5.00pm (Brisbane time) on 20 May 2011 unless extended or withdrawn.	Key Dates
What happens if I accept the Offer?	Unless circumstances arise which allow you to withdraw your acceptance of the Offer, you will be bound to sell your Careers Australia Shares to Site in accordance with the Offer.	Section 7.5
If I accept the Offer, how can I withdraw my acceptance?	You can only withdraw your acceptance in limited circumstances where the Offer has unsatisfied conditions and the terms of the Offer are varied such that the period for Site to meet their obligations under the Offer is extended by more than 1 month.	Sections 7.5, 12.2
Can I accept the Offer for only part of my Careers Australia Shares?	No. If you choose to accept the Site Offer, you must accept the Offer in relation to all of your Careers Australia Shares.	Section 7.4
Can Site vary the Offer?	Yes, but only to extend the Offer Period or increase the offer of consideration.	-
Can Site withdraw the Offer?	Yes, but only in limited circumstances with the consent of ASIC.	Section 12.1

<p>What happens if there is a Superior Offer?</p>	<p>The Independent Directors will consider the merits of any Competing Offers. If an offer is a Superior Offer then the Independent Directors will send you a supplementary Target's Statement advising you of this offer and of any change to their recommendation (if any).</p> <p>If you have already accepted the Offer, you will be unable to participate in any other offer for Careers Australia Shares.</p>	<p>-</p>
<p>Can I be forced to sell my Careers Australia Shares?</p>	<p>If Site acquires 90% of the Careers Australia Shares issued, it will be entitled to compulsorily acquire the remaining Careers Australia Shares. Otherwise, you cannot be forced to sell your Careers Australia Shares.</p>	<p>Section 12.6</p>
<p>What are the tax implications of accepting the Offer?</p>	<p>There may be significant tax implications from the sale of your Careers Australia Shares, particularly where Site does not acquire at least 80% of Careers Australia Shares. Each shareholder's position will be different.</p> <p>You should obtain independent advice from your professional adviser or tax adviser in this regard.</p>	<p>Section 12.8</p>
<p>Will I need to pay brokerage if I accept the Offer?</p>	<p>The Bidder's Statement says that you do not pay brokerage or stamp duty if you accept the Offer.</p>	<p>-</p>
<p>What if I have other questions about the Offer?</p>	<p>Please call 1300 887 696</p>	<p>Important Notices</p>

7. Important information about the Offer

7.1 The Offer

Site is offering to acquire all of your Careers Australia Shares. The consideration under the Offer is 3.5 Site Shares for each Careers Australia Share held by you.

The Offer is subject to a number of conditions. Those conditions are set out in full in Schedule 2 of the Bidder's Statement.

7.2 Assessment of the Offer

Before making a decision whether to accept or reject Site's Offer for your Careers Australia Shares, you should read this Target's Statement carefully and seek independent financial and taxation advice.

Shareholders should also consider the risks associated with the Offer which are set out in Section 10 of the Target's Statement.

7.3 Directors' Recommendation

The majority recommendation of the Independent Directors is to REJECT the Offer. Further details of the recommendation of the Independent Directors are set out in Section 8 of the Target's Statement.

7.4 Accepting the Offer

If you wish to accept the Offer you must follow the instructions set out in Section 2 of the Bidder's Statement.

You will need to complete, sign and return the Acceptance Form accompanying the Bidder's Statement in accordance with the instructions on that form and deliver it or send it by post so that it is received by Site's share registry before the end of the Offer Period.

You can only accept the Offer for all of your Careers Australia Shares, subject to Schedule 1 of the Bidder's Statement.

Refer to Section 2 of the Bidder's Statement for an explanation or clarification of any of these requirements.

Acceptances must be received by 5.00pm (Brisbane time) on 20 May 2011 unless the Offer is extended.

The right to withdraw an acceptance of the Offer is limited - refer to Sections 7.5 and 12 of this Target's Statement for full details of the consequences of accepting the Offer.

7.5 Effect of Accepting the Offer

Subject to the conditions of the Offer being satisfied or the Offer being declared free from conditions, if you accept the Offer you will receive 3.5 Site Shares for each Careers Australia Share held by you.

Subject to any statutory withdrawal rights that may apply, once you accept the Offer (even while it is subject to conditions), you will:

- (a) give up your right to sell your Careers Australia Shares to anyone else or accepting any Superior Offer that may emerge;
- (b) give up your right to otherwise deal with your Careers Australia Shares; and
- (c) lose any rights attaching to your Careers Australia Shares from the date of your acceptance.

However, you will be entitled to receive any increase that Site makes to the Offer consideration after your acceptance.

Complete details of the effect of acceptance of the Offer are set out in Schedule 1 of the Bidder's Statement. You should read that section in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your Careers Australia Shares, and representations and warranties that you give should you choose to accept the Offer. The rights you will give up will include your voting rights and entitlements to receive any dividends from the date of your acceptance of the Offer.

You will only have statutory rights to withdraw your acceptance if:

- (a) the Offer is varied in such a way as to postpone for more than one month, the time by which Site has to meet its obligations under the Offer;
- (b) the conditions of the Offer have not been satisfied or waived by Site before the end of the Offer Period.

In such circumstances, you will be sent a notice at the relevant time explaining your rights to withdraw your acceptance of the Offer.

Except in these limited circumstances, if you accept the Offer, you will give up your rights to sell your Careers Australia Shares or to accept any Competing Offer, if such an offer were made, during the Offer Period.

7.6 Rejecting the Offer

If you wish to reject the Offer you need not take any action. You will retain your Careers Australia Shares, subject to Site acquiring 90% of the Careers Australia Shares issued which would accordingly entitle Site to compulsorily acquire all remaining Careers Australia Shares.

7.7 Selling your Careers Australia Shares

Provided that you have not accepted the Offer, you can sell your Careers Australia Shares at the then prevailing market price of Careers Australia Shares. However you should be aware that as Careers Australia is an unlisted public company there will be a limited market for Careers Australia Shares and therefore limited opportunity for disposal.

7.8 Enquiries

If you have any queries in relation to the Offer, you should contact your financial, legal or other professional adviser.

If you have any questions specifically for Careers Australia in relation to the Offer, you can call the Company on 1300 887 696 which is available Monday to Friday between 9:00am to 5:00pm (Brisbane time).

8. Recommendation of the Directors of Careers Australia

8.1 The Directors

The following are Directors of Careers Australia as at the date of this Target's Statement:

Mr Trevor Rowe – Non-Executive Chairman

Mr Patrick McKendry – Managing Director & Chief Executive Officer

Mr Darryl Somerville – Non-Executive Director

Mr Patrick Grier – Non-Executive Director

Mr Vernon Wills – Non-Executive Director

On 21 March 2011, Careers Australia received a request from Mr Wills for a leave of absence from his role as Non-Executive Director of Careers Australia during the Offer Period. This is due to the fact that Mr Wills is the Executive Chairman of Site. The Independent Directors understand that Mr Wills has sought a similar leave of absence from his position with Site for the duration of the Offer Period.

Therefore, references to any recommendation by the Directors excludes Mr Wills.

Due to Mr Wills' leave of absence and his conflict of interest in respect of the Site Offer, Mr Wills makes no recommendation in respect of the Site Offer.

8.2 Directors' Recommendation

After taking into account each of the matters in this Target's Statement (including the Independent Expert's Report) and in the Bidder's Statement, **the Rejecting Directors each recommend that you REJECT the Offer.**

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

- read the whole of this Target's Statement (including the Independent Expert's Report) and the Bidder's Statement;
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- consider the reasons for the Independent Directors' recommendations noted in this Target's Statement; and
- obtain financial advice from your broker or financial adviser upon the Offer and obtain taxation advice on the effect of accepting the Offer.

8.3 Reasons for the Rejecting Directors' Recommendation

The reasons that the Rejecting Directors recommend that you reject the Offer are outlined in Section 3 of the Target's Statement.

8.4 Reasons for Darryl Somerville's Accept Recommendation

One of your Independent Directors recommends that Careers Australia Shareholders **ACCEPT** the Site Offer in the absence of a Superior Offer. Mr Somerville's reasons for this are set out below.

Recommendation to Accept the Site Offer

For the reasons which follow I recommend that Careers Australia Group shareholders accept the Site Offer.

I have been a Director of Careers Australia Group since it started business and for several months in 2007/08 held the position of CEO as an interim measure. I am a fellow of The Institute of Chartered Accountants in Australia. I am the only Chartered Accountant on the Careers Australia Group Board. I joined the Board after some 23 years in public practice with PricewaterhouseCoopers including 8 years as the Brisbane Office Managing Partner. I am the Chairman of Careers Australia Group's Audit, Risk and Academic Committee and have been since it was formed some years ago. I have previously been the Chairman of two ASX listed public companies.

As recently as a month ago I visited Site's Clark Education City in the Philippines at my own expense to examine the facilities and assess the Site business at first hand. I am the only independent Careers Australia Group Director to have taken the trouble to visit the Philippines since Site's Clark Education City began its training operations.

Against the above background I believe I am well qualified to comment on the Site Offer.

Before outlining my reasons why I believe you should accept the Site Offer, I need to make one observation. In this Target Statement shareholders are being asked to decide to accept or reject the Site Offer. If the offer is rejected Careers Australia Group will need to find an alternative source of funding to finance its growth strategy. Early this year Careers Australia Group did embark on a process which would have led to an IPO and ASX listing in June 2011. The Careers Australia Group Board, by majority, recently decided to temporarily defer the IPO process which had been in train since earlier this year. At that time Careers Australia Group had been advised by stockbrokers that the shares would float in the range of 65 cents to 75 cents. As an IPO in June this year is no longer an option I have not made any further comment on it in this document.

It is my view that the amalgamation of the Careers Australia Group and Site businesses will create a business with significantly greater value than the sum of the two individual businesses and result in added value for Careers Australia Group shareholders. My reasons for holding this view are set out below.

Careers Australia Group and Site have much in common and the synergies available dictate that it makes good sense to put the businesses together. They complement each other and are not competitors. Careers Australia Group tends in the main to train people who are gainfully employed. Site on the other hand trains people who will be employed post training.

Both are in the training sector. While Careers Australia Group is a more mature business and Site is at a relatively early stage of development both are growth businesses. Both have good sets of employees and together they would be a very strong team perfectly suited to creating shareholder value. There is considerable commonality in the scope of qualifications each business provides. Indeed Careers Australia Group provides contract trainers to Site and some Site qualified students articulate into Careers Australia Group courses. There are major clients who are common to both businesses and a combined offering would provide greater opportunities.

The Site business is perfectly placed to address Australia's skills shortage especially in the resources area. It has developed a low cost training base at Clark in the Philippines and will train workers from the area to a standard where they will meet the requirements of Australian employers. Much of the training will take place under contract with Australian employers and thus risks are mitigated. The lower costs mean margins are considerably higher than those which can be achieved by Australian training businesses including Careers Australia Group. Putting the two businesses together will provide the correct balance.

Some criticism has been levelled at the Site Offer because of the lack of financial projections. In this connection it needs to be appreciated that Site is a relatively new business and as a listed public company is not well placed to issue financial projections. I have visited the Clark Education City premises in the Philippines, met with and talked to employees, sat in on classes, talked to students, reviewed the

business model and examined draft contracts and expressions of interest and letters of intent from potential Australian employer clients.

I have formed the view that the Site offer is both fair and reasonable. I am not alone in this view. Crowe Horwath, the Independent Expert retained by Careers Australia Group, have also provided an opinion that the Site Offer is fair and reasonable. They have listed advantages and disadvantages in their report but after taking these into consideration they have issued an opinion that the Site Offer is both fair and reasonable. I am happy to accept their opinion.

I will be accepting the Site Offer for my Careers Australia Group shares and I recommend that Careers Australia Group shareholders accept the Site Offer.

Darryl Somerville B Com FCA FCPA MAICD

Director Careers Australia Group

8.5 A majority of the Independent Directors intend to reject the Offer

A majority of the Independent Directors intend to reject Site's Offer in respect of their personal holdings. The table below highlights that these Independent Directors cumulatively own or control 14.69% of the issued capital of Careers Australia.

Independent Director**	Total relevant interests in Shares	% of total Shares on issue
Mr Trevor Rowe	13,050,000	12.61%
Mr Patrick McKendry*	1,150,000	1.11%
Mr Patrick Grier	1,000,000	0.97%
TOTAL	15,000,000	14.69%

* Note: Details of Mr McKendry's Options are set out in Section 13.3.

** Note: Includes direct and indirect interests in securities

The above table does not include the interests (direct and indirect) of:

- (a) Mr Vern Wills and his Associates. Mr Wills has taken a leave of absence from the Careers Australia Board and the Independent Directors have not been advised by Mr Wills of his intentions with regard to the Site Offer; or
- (b) Mr Darryl Somerville, the remaining Independent Director. Mr Somerville has a relevant interest in 2,000,000 Shares representing 1.93% of the total Shares on issue and intends to ACCEPT the Site Offer in respect of those Shares (in the absence of a Superior Offer).

9. Information about Careers Australia

9.1 Business Overview

Careers Australia is a leading private provider of trade, technical and health training, with arrangements in place which will result in the company providing training to over 8,000 apprentices, trainees and other students by the end of the 2011 financial year. It is now one of the largest providers of trade, technical and health training in Australia and has established a substantial platform for future growth. Careers Australia provides specialist government accredited training in construction, engineering, automotive, mining transport and nursing. It currently provides training and education services across fourteen campuses throughout Australia and through further organic growth, plans to expand into at least three additional/new campuses in New South Wales and Western Australia.

9.2 Drivers of Growth

The market for skills development, and in particular VET, is among the fastest growing sectors of the national economy and are driven by:

- (a) increased contestability of funds, resulting in strong growth in student enrolments with private RTOs;
- (b) skill shortages in key occupations particularly trades and para-professional occupations which exist nationally and internationally;
- (c) an ageing workforce and the need to replenish skilled workers at a higher rate;
- (d) strong growth in the resources and infrastructure sectors and the consequent drain on skilled labour; and
- (e) lack of capacity of existing providers to increase output to meet higher demand for these services.

9.3 The Careers Australia Strategy

Careers Australia's strategy is to become the leading private provider of vocational education and training in Australia. The business has developed a rapid growth strategy, consistent with the growth in demand for private vocational services across the economy and this is demonstrated by its current size, which has been achieved in less than 4 years since its inception.

This successful strategy has been characterised by:

- (a) Initial acquisitions completed to create a platform: four existing businesses operated as RTOs were purchased providing Careers Australia with scope of training services in construction, engineering, automotive, hospitality, healthcare and English Language across seven campus locations in Queensland and SA.
- (b) Organic Growth: Careers Australia has used this platform to expand its business development activities and today, Careers Australia provides training in every State, and to some large national clients including Rio Tinto, Stowe Australia, Laing O'Rourke and All Trades Queensland.
- (c) Future Growth: Careers Australia intends to pursue future organic growth opportunities throughout Australia, and within the immediate international region. Through its successful acquisitions and the significant new business that has been developed, Careers Australia has a well established, systematised business model that can be rolled out throughout Australia, and to large national companies. This training model is supported by already established key government contracts in most State jurisdictions to access contested training funding, and this business model can readily be applied to other vocational training including areas like retail and transport.

Careers Australia is an early mover in a market currently dominated by public institutions and small private companies. There are few publicly listed vocational education companies and there are very few other private training providers that have established a platform in the breadth of trade, technical and health areas superior to Careers Australia. As a consequence, the Board believes that Careers Australia has a strategic advantage in the market place in terms of the time it would take for other entities to replicate this strategy.

9.4 **Board of Directors**

Mr. Trevor C. Rowe AM, DUniv – Non Executive Chairman

FCIS, FAICD, ACPA

Mr Rowe is Executive Chairman of Rothschild Australia Limited since November 2005. Previous to joining Rothschild Mr Rowe was at Citigroup Global Markets and held numerous senior positions with Salomon Smith Barney over a period of some 23 years living and working in New York, Asia and Australia. He established Salomon Brothers offices in Australia in 1983.

Mr Rowe is Chairman of UGL Limited (Engineering and Property Services) and Chairman of BrisConnections (Toll Road Infrastructure), both publicly listed companies on the Australian Stock Exchange. He is also Chairman Gotalk Limited (Telecommunications Reseller). Mr Rowe is also a Member of Samsung Investments Global Advisory Council.

Mr Rowe was Chairman of Queensland Investment Corporation (QIC), and Chairman of the Queensland BioCapital Fund Ltd (QBF) from 2001 to Sept 2009. A Member of the Board of Guardians of the Future Fund of Australia from 2006 to April 2011. Also, Chancellor of Bond University from 2003 to May 2009 and currently Chairman of the Bond University Board of Trustees. He was also formerly a Non-Director of the Australian Securities Exchange Limited (ASX) from 2002 to June 2010.

In April 2003, Mr Rowe was awarded the Commonwealth of Australia Centenary Medal for 'distinguished service to the finance industry'.

In the June 2004 Queen's Birthday honours Mr Rowe was awarded a Member of the Order of Australia (AM) in the General Division for 'his contribution to the investment banking sector and as a contributor to the formulation of public policy, to higher education and to the community'.

In June 2009 Mr Rowe was awarded an Honorary Doctorate of the University from Bond University

Mr. Vernon Alan Wills – Non Executive Director

Mr Wills is Chairman of Operating Entities for Enhance Group which includes Enhance Management Pty Ltd, a leading market research firm, Enhance Corporate, a corporate advisory company; Enhance Capital, a private investment company; and Enhance Media & Communications.

Mr. Wills is also Chairman of the ASX listed company Site Group International Limited, Director of GoTalk Ltd, Eumundi Group Ltd, Greg Norman Golf Foundation, and was Deputy Chair of the Queensland Government's Major Sports Facilities Authority until his resignation in December 2007.

Mr Wills has an extensive history within the Investment and Finance Industry. Previously, he has been instrumental in establishing and operating a large Securities Dealer and Superannuation Funds Management Company. Clients included international accounting, legal and mining groups as well as management companies. He has served as a Director with publicly listed companies within the finance and investment sector, mining, property and information technology areas.

Mr. Darryl Craig Somerville – Non Executive Director

Darryl Somerville was formerly the Chairman of the ASX Listed Brisbane Broncos Ltd and Brisbane based developer Devine Ltd.

Mr Somerville spent 23 years with PricewaterhouseCoopers in Brisbane, including more than 19 years as a partner and 8 years a managing partner. His clients ranged from privately owned companies through to multinationals in the manufacturing, mining, energy and resources and retailing industries. He was a member of the company's National Board of Partners.

Mr Somerville served a three year term as a National Director of the Institute of Chartered Accountants from 2000 to 2003. He is a Fellow of the Institute of Chartered Accountants of Australia and a Fellow of the Australian Society of Certified Practising Accountants. He also had a role as Chairman of the Queensland Government's Energy Competition Committee, which oversaw the introduction of Full Retail Contestability for energy in the state.

Mr Somerville is the Chairman of Careers Australia Group's Audit, Risk and Academic Committee. He has previously served as a member of the Audit Committee of the Queensland University of Technology and the QLD Office of State Revenue.

Mr. Patrick Grier – Non Executive Director

FAICD

Patrick Grier is one of Australia's leading health industry experts having worked in the industry for more than 20 years. He is also one of the country's most respected business figures following his successful time as Managing Director of Ramsay Health Care.

Mr Grier joined Ramsay Health Care in 1988 and became the company's Chief Executive in 1994. He resigned as the company's Managing Director in 2008 after serving a decade in the role.

During his two decades with the company, Mr Grier oversaw the successful float of Ramsay Health Care on the Australian Stock Exchange in 1997 and growth in annual revenues from approximately \$200 million to more than \$2 billion.

Mr Grier also oversaw a series of successful acquisitions which helped Ramsay Health Care grow to become Australia's largest private hospital operator.

Mr Grier is Chairman of Australian Health Workforce Institute and Relevare Pharmaceuticals Limited. He is also a Director of Ramsay Healthcare Limited and Prime Television Limited.

Mr Grier was Chairman and President of the Australian Private Hospitals Association, and was on the Board for 12 years. He also sits on a number of private health industry committees.

Mr. Patrick McKendry – Executive Director and Chief Executive Officer

Mr McKendry has been an industry advocate in major policy issues such as vocational education and training and employment programs, labour market reform, skill shortages, trade practice and competition policy for various industry bodies.

In addition to his role with Careers Australia between 2007 and 2010, Mr McKendry was Chairman of TVET Australia Pty Ltd. The owners of TVET Australia are the State, Territory and Commonwealth Ministers for Vocational and Technical Education (VTE). TVET's primary role is to provide support services for the key stakeholders in Australia's VTE system.

Between 2007 and 2010 Mr McKendry was the Commonwealth Government appointed Chairman of the National Quality Council (NQC). The NQC brings together industry, employee, government and practitioner representatives to oversee and support the current and future quality of vocational and technical education across Australia.

Mr McKendry was also appointed as Director of the Workers' Compensation Regulatory Authority (Q-Comp) Board by the Queensland Government in 2006. He also serves as Chairman of the Finance and Audit Committee for this Board.

9.5 Financial Information

Careers Australia's audited annual financial report for the financial year ended 30 June 2010 was lodged with ASIC on 27 October 2010.

Set out below is the summary of key financial information for Careers Australia Group Limited. A proforma Statement of Financial Performance is included in the Independent Expert's Report.

Key Figures		12 Months to 30-Jun-09	12 Months to 30-Jun-10	8 Months to 28 Feb-11	12 Months to 30-Jun-11
		Actual	Actual	Actual	Forecast
		('\$000)	('\$000)	('\$000)	('\$000)
		(Audited)	(Audited)	(Reviewed)	(Unaudited)
	<i>Notes</i>			(i)	(ii)
Student Numbers		5,000	7,500	8,200	8,500
Sales Revenue	(iii)	18,353	25,125	22,606	37,121
NPAT		1,440	2,005	1,101	3,301
EBITDA		2,703	4,364	2,898	6,701
ROCE%		23.60%	21.40%		29.70%
ROE%		18.90%	16.20%		19.92%
EPS (cents)		1.74	2.17		3.51

- Notes (i) Financial information for 8 months to 28 February 2011 has been reviewed by Ernst & Young audit team.
- (ii) Excludes expenses associated with the Site Bid, IPO and other capital raising options.
- (iii) Sales revenue is expected to increase by 30% in 2011/12 .

The Forecast Financial Information has been based on the best estimate assumptions of the Independent Directors. The Directors believe that they have prepared the Forecast Financial Information with due care and attention, and consider all best estimate assumptions when taken as a whole to be reasonable at the time of preparing this information.

The Forecast Financial Information has been prepared on the basis of numerous assumptions, including the best estimate assumptions set out below. This information is intended to assist Careers Australia Shareholders in assessing the Site Offer and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur.

Careers Australia Shareholders should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that this may have a material positive or negative effect on the actual financial performance or financial position.

The basis of preparation and presentation of the Forecast Financial Information, to the extent relevant, is consistent with the basis of preparation and presentation for the Historical Financial Information.

General Assumptions

In preparing the forecast financial information for the financial year ending 30 June 2011, the Directors of the Company have applied the following general assumptions:

- there will be no significant changes in prevailing economic conditions or the rate of economic growth in the Australian training market which could have an adverse impact on the level of training;
- there will be no significant loss of key executives, during the forecast period;
- there will be no significant changes in statutory, legal or regulatory requirements that would have a material effect on Careers Australia's competitive environment or operations;
- there are no material changes in Australian Accounting Standards (including AIFRS), Statements of Accounting Concepts or other mandatory professional requirements, including the Urgent Issues Group Consensus Views and the Corporations Act, which may have a material effect on Careers Australia's financial results and cash flows during the forecast period;
- there will be no significant industrial, contractual or political disturbances which adversely impact Careers Australia's or the continuity of its operations;
- there is no change in taxation legislation that would have a material impact on Careers Australia's financial results and cash flows during the forecast period; and

Specific Assumptions

Revenue

Revenue has been forecast by the management of each Operating Business, using a bottom-up approach taking into consideration historical trends including actual year to date performance, and the anticipated short term outlook for the following key revenue drivers:

- existing and anticipated local market conditions and customer considerations including demand for training;
- revenue forecasts assume the execution and commencement of a number of new training contracts;
- return to normal levels of training in Queensland following reduction of training levels resulting from recent floods.

Expenses

Expenses are forecast based on recent historical and anticipated trends in the underlying operating cost of each Operating Business and the corporate head office.

10. Risks

10.1 Introduction

In deciding whether or not to accept the Offer, you should read the entire Target's Statement and the Bidder's Statement carefully.

Careers Australia's business activities are subject to a number of investment risk factors, both specific to its business and of a general nature, which may affect the future operating and financial performance of Careers Australia. The risks and uncertainties described below are not intended to be exhaustive. There may be additional risks and uncertainties that Careers Australia is unaware of, or that Careers Australia currently considers to be immaterial, which may affect Careers Australia. You should be aware that rejecting the Offer, in circumstances where Site does not acquire sufficient Careers Australia Shares to proceed to compulsory acquisition, may result in Careers Australia Shareholders being exposed to the following risks.

10.2 Risks Relating to Careers Australia's Business

(a) **Regulatory Risk, Government Policy and Government Funding Arrangements**

The VET sector is a highly regulated market. Careers Australia education products will be regulated by both Australian and State Governments. Careers Australia currently has all relevant accreditation to operate as a RTO, English language provider and educator of international students. However, over time, the required accreditations may change and there can be no guarantee that Careers Australia will be able to obtain any new accreditations or retain its existing accreditations, which are subject to periodic audits. The need to maintain relationships with regulators and a reputation for education and training quality is a major requirement for Careers Australia and presents a risk to Careers Australia's business strategy.

Changes in relevant taxation, interest rates, other legal and administrative regimes, and Government policies in Australia and overseas may adversely affect the financial performance of Careers Australia.

The apprenticeship training market is characterised by a high level of Government funding through the User Choice program. This is a concept where Government funding for apprenticeship training is allocated to the registered training provider on the basis of choice by the employer. Both Government and private providers exist as suppliers of training under the User Choice model. While this has been a well established policy arrangement for over a decade, any provider of apprentice training is at risk that Governments could either alter this policy to favour Government providers over the private sector or change the pricing arrangements such that this form of training becomes unprofitable. For example, the State or Australian Government could change the manner in which funding is provided to vocational education and training or the basis upon which contracts, such as User Choice Contracts, are allocated. Such changes could have a material adverse effect on the operations of Careers Australia.

While the Independent Directors consider this is a low risk, particularly in a market which is characterised by under delivery of training products, any such changes to the regulatory environment may have a material adverse effect on the operations of the Careers Australia.

Further, changes in Government policies with respect to student visas and student mobility may reduce opportunities for students to study outside their country of origin which may have a material adverse effect on the operations of Careers Australia in this sector.

(b) **Limited Share Liquidity**

As an unlisted public company, whilst Careers Australia Shares are freely tradeable (subject only to relevant statutory and other internal procedural requirements), Careers Australia's Shares are

not listed for quotation on an established stock market. As a consequence, Careers Australia Shareholders may have difficulty identifying persons who may have an interest in acquiring or selling Careers Australia Shares from time to time.

(c) **Competition Risk**

The market for VET services in Australia is highly competitive. In addition to current competition in Australia, Careers Australia is likely to confront strong competition from other companies, some of whom are not current competitors but which may enter the market in the near term. Some of these may be large services companies with significantly more technical, financial and marketing resources than CAG. The current competitors and any new entrants could pose a threat to Careers Australia's ability to reach its financial goals.

(d) **Reliance on Key Staff**

The CAG business model is heavily dependent on the experience and knowledge of its management team. The details of the concept adopted by Careers Australia have been developed by the management team and growth is predicated on synergies, leadership, the leveraging of existing relationships and the employment of key staff who have been identified by the management team. The loss of key executives and personnel could impact on the Company's ability to maintain the growth of its business activities.

(e) **Acquisition, Integration and Expansion Risk**

It is Careers Australia's express intention to grow the business through organic growth. There is no guarantee that Careers Australia will be successful in expanding its business organically.

Factors such as a downturn in the national or international economy, deterioration in the resources sector, a return to high levels of unemployment, a higher exchange rate and international security can all impact on the Careers Australia business.

(f) **Material Arrangements**

Careers Australia has entered various material arrangements which are important to the future of Careers Australia. Any failure by counterparties to perform their obligations under such material arrangements may have a material adverse effect on Careers Australia, and there can be no assurance that Careers Australia would be successful in attempting to enforce any of its rights through legal action.

(g) **Contractual Arrangements**

There is no guarantee that Careers Australia will be able to acquire or obtain any new contracts or enter any further arrangements, including without limitation, for the provision of training and services or for access to Government or other funding. Additionally, there is no guarantee that Careers Australia will be able to maintain its existing contractual agreements or arrangements at their current levels or that these contractual agreements and arrangements will be not terminated or unilaterally amended (in accordance with their terms) by the other parties to these agreements and arrangements.

Further, a number of the contractual arrangements to which Careers Australia is a party are short term arrangements with no automatic right for Careers Australia to renew the same and it may be the case that Careers Australia is unable to renew these arrangements upon their expiry or that they will be renewed on no less favourable terms.

Careers Australia's growth and performance depends, in a large part, on being able to maintain and renew its current contractual arrangements and enter new contractual arrangements. Failure to do so could have a material adverse effect on Careers Australia's operating results and Careers Australia generally.

(h) **Reliance on Key Contracts**

A significant proportion of Careers Australia's revenue is currently derived from the existing State Government Contracts' it has in place to provide training to apprentices, trainees and other VET students, and the existing AMEP Agreement to provide English Language tuition. Accordingly, if any of these contracts were to be varied, terminated or expire without renewal or extension, Careers Australia's revenue and business operations may be adversely affected. While Careers Australia would endeavour to secure replacement contracts if this were the case, there can be no guarantee that Careers Australia could secure such contracts or arrangements on the same or more favourable terms. Accordingly, Careers Australia's financial performance is to a large extent dependent upon the continuation of these contracts in their current or a more favourable form.

(i) **Profitability**

Future operating results depend to a large extent on management's ability to successfully manage the expected expansion and growth. This requires rapid expansion of all aspects of the business operations, such as revenue forecasting, addressing new markets, controlling expenses, implementing infrastructure systems and managing its assets. While there is considerable empirical evidence that this market will continue to grow strongly, there is a possibility that the predicted growth may not eventuate. Inability to control the costs and organisational impacts of business growth or a failure to manage other issues arising from growth, could materially adversely affect Careers Australia's operating results and performance.

(j) **Capital requirements**

Careers Australia requires capital to enable it to implement its expansion strategy. Whilst Careers Australia has opportunities that it intends to seek to pursue at the appropriate time, there can be no guarantee that Careers Australia will be able to raise the necessary funding to implement its expansion strategy or if such funding is available, that it will be on favourable terms.

(k) **Operational risks and costs**

Careers Australia will be exposed to operational risks present in the current business including risks arising from system failure, failure of security and physical protection systems, customer services, staff skills and performance, and product development and maintenance. Operational risk has the potential to have a material adverse effect on Careers Australia's financial performance and position as well as reputation. Careers Australia will endeavour to take appropriate action or obtain appropriate insurance to mitigate these risks, however, certain residual risk will remain with Careers Australia.

(l) **Expansion Strategy**

Careers Australia intends undertaking significant expansion and growth of its operations which will require significant increases in expenditures. Further, the development of Careers Australia's business will to a large extent rely upon relationships with universities, Governments and other service providers. Such relationships may be adversely affected as a result of the change of key personnel or adverse publicity in respect of Careers Australia or its operations.

(m) **Geographic Concentration**

The majority of Careers Australia's business activities are located in Queensland. Accordingly, due to the limited coverage of Careers Australia's current operations, if there are any circumstances which impact negatively on Queensland, for example, natural disasters, economic downturn, an adverse change in population growth or a saturation in a particular industry in Queensland, this may adversely effect on Careers Australia's continuing operations and financial performance.

(n) **Prospective information**

No assurance as to future profitability or dividends can be given as they are dependent on future earnings and the working capital requirements of Careers Australia.

There can be no guarantee that the assumptions on which any prospective financial information or development strategies of the Board, or those upon which Careers Australia bases its decisions to proceed, will ultimately prove to be valid or accurate. The prospective financial information and development strategies depend upon various factors which are outside the control of Careers Australia.

(o) **General Economic Conditions**

Changes in the general economic climate in which Careers Australia operates may adversely affect the financial performance of Careers Australia. Factors that may contribute to that economic climate include the general level of economic activity, interest rates, inflation, supply and demand, industrial disruption, and social unrest or war on a local or global scale. These factors are beyond the control of Careers Australia, and it cannot, with any degree of certainty, predict how they will impact on Careers Australia.

10.3 Risk factors that arise from the Offer

(a) **Issue of Site Shares as consideration**

If you accept the Site Offer and it becomes unconditional, you will become a shareholder in Site. There are risks in holding Site Shares which are summarised in Section 7 of the Bidder's Statement.

(b) **Careers Australia Shareholders will have limited withdrawal rights with respect to the Offer, which means that a decision to accept the Offer may be irrevocable**

Once you have accepted the Offer, you have only a limited right to withdraw your acceptance of the Offer. Under the Corporations Act, if after you have accepted the Offer and whilst it remains subject to conditions, the Offer is varied (such as by an extension of the Offer Period) so as to postpone for more than one month the time when Site must meet its obligations under the Offer, you will be able to withdraw your acceptance. Otherwise, you will be unable to withdraw your acceptance of the Offer even if the market value of Site shares varies significantly from their value on the date of your acceptance of the Offer.

(c) **Implied Offer Value and Site Share Price**

The implied value of Site's Offer depends on the trading price of Site Shares on ASX. There is no certainty as to the future trading price of Site Shares. The Directors cannot predict whether the share price for Site Shares would increase or decrease in the absence of the Offer and movements in the share price may be caused by other considerations.

(d) **Taxation risks**

The tax consequences and risks of the Offer depend upon the specific circumstances of each Careers Australia Shareholder.

Section 8 of the Bidder's Statement specifies possible tax implications for Careers Australia Shareholders arising from the Offer. This is not a complete or authoritative statement of the potential tax implications for each Careers Australia Shareholder.

Income tax and CGT liabilities of each Careers Australia Shareholder will depend upon the individual circumstances of each such shareholder. Careers Australia Shareholders should obtain their own professional taxation advice regarding the applicable law in respect of the Offer and neither Careers

Australia nor any of its officers or advisers accepts any responsibility or liability in respect of any statement given in relation to tax liability or any actual tax liability which may arise.

(e) **Less than 90 percent ownership**

The Offer is subject to a 90% minimum acceptance condition. Therefore a risk exists that the final level of ownership acquired by Site is less than 90%, which could have an impact on Site's intentions regarding Careers Australia (refer to Section 11 of the Target's Statement). This impact could have a material adverse effect on Careers Australia.

Additionally, in the event that Site waives the minimum acceptance condition (and proceeds with the Offer) such that Site's final ownership level is less than 90%, whilst the existing shareholder base of Careers Australia may have majority ownership, Site may represent a large shareholder with a sufficient number of shares to lead to resolutions in Careers Australia general meeting being defeated.

(f) **Careers Australia has not independently verified Site information**

Careers Australia has relied on publicly available information released by Site and some non-public information provided by Site and has assumed that Site has complied with its continuous disclosure obligations under the Listing Rules and the Corporations Act. Any inaccuracy in this information could adversely affect the anticipated results of operations of the Merged Group. Careers Australia and the Independent Directors take no responsibility for the contents of the Bidder's Statement and are not endorsing and have not verified any of the statements contained in it.

11. Conditions of Site Offer

11.1 Conditions of the Offer

The Offer is subject to a number of conditions, contained in Schedule 2 of the Bidder's Statement.

11.2 Effect of triggering defeating conditions

It may be the case that one or more of the defeating conditions to the Site Offer will be triggered during the Offer Period.

In those circumstances, Site may be entitled to rely on the triggering of the relevant conditions and not proceed with the Offer. Site has certain rights in respect of the defeating conditions as described in Schedule 1 of the Bidder's Statement.

11.3 Minority Ownership Consequences

As at 15 April 2011, Site has:

- (a) no relevant interest in Careers Australia shares; and
- (b) no voting power in Careers Australia.

The Offer is subject to a 90% minimum acceptance condition, with Site having the discretion to waive such condition.

In Section 5 of the Bidder's Statement, Site sets out its intentions in the event that it does not become entitled to at least 90% of the Careers Australia Shares but proceeds with the Offer and acquires a majority shareholding in Careers Australia. If this were to occur, those Careers Australia Shareholders who do not accept the Offer will become minority shareholders in Careers Australia. This has a number of possible implications including the following:

- (a) Site will be in a position to cast the majority of votes at a general meeting of Careers Australia. This will enable Site to control the composition of the Careers Australia Board and senior management and control the strategic direction of the businesses of the Careers Australia Group;
- (b) Site may replace a number of the members of the Careers Australia Board with nominees of Site;
- (c) if Site acquires 75% or more of the Careers Australia shares, it will be able to pass special resolutions of Careers Australia. This will enable Site to, among other things, change Careers Australia's Constitution; and
- (d) as identified in Sections 3.10 and 13.5, certain change in control provisions may be triggered (depending upon the actions of Site) under contracts to which Careers Australia is a party.

11.4 Status of the Conditions

As at the date of this Target's Statement, Site has not confirmed that any of the conditions to the Offer have been satisfied or waived or declared the Offer free from conditions.

11.5 Notice of Status of Conditions

As required by section 630(1) of the Corporations Act, Site will give a notice of status of conditions (the **Conditions Notice**) to the ASX and Careers Australia seven days before the end of the Offer Period.

Site is required to set out in its Conditions Notice:

- whether the Offer is free of any or all of the conditions;
- whether, so far as Site knows, the conditions have been fulfilled on the date the Conditions Notice is given; and
- Site's voting power in Careers Australia (including voting power acquired as a result of acceptances received under the Offer).

If the Offer Period is extended by a period before the time by which the Conditions Notice is to be given, the date for giving the Conditions Notice will be taken to be postponed for the same period. In the event of such an extension, Site is required, as soon as practicable after the extension, to give a notice to the ASX and Careers Australia that states the new date for the giving of the Conditions Notice. If a condition is fulfilled (so that Site's Offer becomes free of that condition) during the Offer period but before the date on which the Conditions Notice is required to be given, Site must, as soon as practicable, give the ASX and Careers Australia a notice that states that the particular condition has been fulfilled.

12. Other information material to the making of a decision by a holder of Careers Australia Shares

12.1 Offer Period

Site's Offer is open for acceptance from 31 March 2011 until 5.00pm (Brisbane time) on 20 May 2011, unless extended or withdrawn in accordance with the Corporations Act.

12.2 Withdrawal of Your Acceptance

Once you accept the Offer you will not be able to sell your Careers Australia Shares on market or otherwise deal with the rights attaching to your Careers Australia Shares, subject to your limited statutory rights to withdraw your acceptance in certain circumstances.

Careers Australia Shareholders may only withdraw their acceptance of the Offer if the Offer remains subject to conditions and is varied (such as by an extension of the Offer Period) so as to postpone for more than one month the time when Site must meet its obligations under the Offer.

Your early acceptance of the Offer (subject to subsequent withdrawal) will prevent you from being able to accept any Superior Offer which may eventuate following that acceptance.

The recommendation of the majority of the Independent Directors is to REJECT THE OFFER. Further details of the recommendation of the Independent Directors are set out in Sections 3 and 8.4 of the Target's Statement.

12.3 Leave of absence as a Director – Mr Vern Wills

Following the lodgement of the Bidder's Statement on 17 March 2011, Careers Australia received a letter from Mr Wills dated 21 March 2011 requesting a leave of absence from the board of Careers Australia for the period of the Site Offer. Accordingly, the recommendations set out in this Target's Statement do not reflect the opinion or recommendations of Mr Wills.

12.4 Shareholder Approval under Listing Rule 10.1 or Waiver from ASX

The ASX Listing Rules prohibit the acquisition of a substantial asset from a related party or substantial shareholder unless shareholder approval is obtained. Alternatively, the company seeking to make such acquisition can request that ASX waive this requirement.

Mr Wills (and his Associates) are related parties of Site and Talbot Group Holdings Pty Ltd is a substantial holder. Accordingly, Listing Rule 10.1 must be complied with by Site in order for Site to acquire Careers Australia Shares from either Mr Wills and his Associates or Talbot Group Holdings Pty Ltd.

The Bidder's Statement makes no reference to this requirement and is not conditional on such shareholder approval or a waiver being obtained. Further, the Bidder's Statement did not provide Careers Australia Shareholders with any information on the potential impact on their shareholding if Site elected to waive the minimum acceptance condition.

Set out below is the potential interests of Mr Wills and his Associates and Talbot Group Holdings Pty Ltd on the assumption that Site is able to acquire Careers Australia Shares from these parties and certain other assumptions as set out in section 12.5.

12.5 Related Parties and Substantial Shareholders in Site and Careers Australia

Mr Wills is a director on both the board of Careers Australia and Site. In addition, Mr Wills and his Associates have substantial holdings in both companies. Talbot Group Holdings Pty Ltd is also a substantial holder in both Careers Australia and Site.

The table below sets out the current holdings of Mr Wills and his Associates and Talbot Group Holdings Pty Ltd in each of Careers Australia and Site.

	Current Relevant Interest in Careers Australia	%	Current Relevant Interest in Site	%
Mr Wills and his Associates	30,001,786	28.96%	42,705,000	31.86%
Talbot Group Holdings Pty Ltd	13,870,863	13.39%	44,171,121	32.95%

Set out below is the relevant interest of Mr Wills and his Associates and Talbot Group Holdings Pty Ltd in circumstances where:

- (a) Mr Wills and his Associates accept the Site Offer where no other Careers Australia Shareholders accept the Offer and the minimum acceptance condition is waived;
- (b) Talbot Group Holdings Pty Ltd accept the Site Offer where no other Careers Australia Shareholders accept the Offer and the minimum acceptance condition is waived;
- (c) Mr Wills and his Associates and Talbot Group Holdings Pty Ltd accept the Site Offer where no other Careers Australia Shareholders accept the Offer and the minimum acceptance condition is waived; and
- (d) All Careers Australia Shareholders accepting the Offer.

Scenario	Relevant Interest in Merged Group	%
Mr Wills and his Associates accept the Site Offer where no other Careers Australia Shareholders accept the Offer		
Mr Wills	147,711,251	61.79%
Talbot Group Holdings Pty Ltd	44,171,121	18.48%
Other Site Shareholders	47,158,980	19.73%
Talbot Group Holdings Pty Ltd accept the Site Offer where no other Careers Australia Shareholders accept the Offer		
Mr Wills	42,705,000	23.39%
Talbot Group Holdings Pty Ltd	92,719,142	50.78%
Other Site Shareholders	47,158,980	25.83%
Mr Wills and his Associates and Talbot Group Holdings Pty Ltd accept the Site Offer where no other Careers Australia Shareholders accept the Offer		
Mr Wills	147,711,251	51.36%
Talbot Group Holdings Pty Ltd	92,719,142	32.24%
Other Site Shareholders	47,158,980	16.40%
All Careers Australia Shareholders accept the Site Offer		
Mr Wills	147,711,251	29.75%
Talbot Group Holdings Pty Ltd	92,719,142	18.67%
Other Site Shareholders	47,158,980	9.50%

Other Careers Australia Shareholders	208,992,130	42.09%
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Mr Wills' maximum potential interest in the merged entity is approximately 61%.

The Independent Directors consider it necessary to point out to Careers Australia Shareholders that in the event that Mr Wills and his Associates are the only Careers Australia Shareholders to accept the Site Offer, Mr Wills' relevant interest in Site will increase to approximately 61%. To the extent any other Careers Australia Shareholders accept the Site Offer, this will reduce Mr Wills' relevant interest in Site. Careers Australia Shareholders should be aware that if they are one of only a few Careers Australia Shareholders who accept the Site Offer, then (on the assumption that Mr Wills and his Associates accept the Site Offer) the Careers Australia Shareholders could have a minority interest in a listed company in which up to 61% is controlled by Mr Wills.

Further, in the event that Talbot Group Holdings Pty Ltd is the only Careers Australia Shareholders to accept the Site Offer, Talbot Group Holdings Pty Ltd's relevant interest in Site will increase to approximately 50%. To the extent any other Careers Australia Shareholders accept the Site Offer, this will reduce Talbot Group Holdings Pty Ltd's relevant interest in Site. Careers Australia Shareholders should be aware that if they are one of only a few Careers Australia Shareholders who accept the Site Offer, then (on the assumption that Talbot Group Holdings Pty Ltd accepts the Site Offer) the Careers Australia Shareholders could have a minority interest in a listed company in which up to 50% is controlled by Talbot Group Holdings Pty Ltd.

[The above information is based on publicly available information for Site]

12.6 Compulsory Acquisition

If Site acquires a relevant interest in at least 90% of Careers Australia Shares then, pursuant to Part 6A.1 Division 1 of the Corporations Act, Site will be entitled to compulsorily acquire any Careers Australia Shares in respect of which it has not received acceptance of the Offer.

Careers Australia Shareholders should be aware that, if their Careers Australia Shares are compulsorily acquired, they are not likely to receive payment until at least one month after the compulsory acquisition notices are dispatched to them.

If Site does not become entitled to compulsorily acquire Careers Australia Shares in accordance with Part 6A.1 Division 1 of the Corporations Act, it may nevertheless become entitled to exercise general compulsory acquisition rights under Part 6A.2 Division 1 of the Corporations Act.

Site has indicated in Section 4.3 of the Bidder's Statement that it intends to proceed to compulsory acquisition of the outstanding Careers Australia Shares, if it meets the required thresholds.

Additionally, in the event that Site and its associates have a relevant interest in at least 90% of the Shares of Careers Australia at the end of the Offer Period, Site will be required under the Corporations Act to offer to buy out Careers Australia Options that remain unexercised.

12.7 Foreign Shareholders

If you wish to reject the Offer, you should not take any action. If you wish to accept the Offer, you should refer to the Bidder's Statement as to how to accept.

12.8 Tax implications of proposed Offer

The following is a general summary of the Australian tax consequences for Careers Australia Australian tax resident shareholders who exchange their Careers Australia Shares for Site shares under the proposed Offer. This summary is based on the law and practice in effect on the date of this Target Statement.

This summary is general in nature and does not take into account the individual circumstances of any particular Careers Australia Shareholders. It does not deal with the tax implications that may arise from disposing of Careers Australia Shares acquired as part of an employee share scheme. Careers Australia shareholders should seek their own independent tax advice.

Australian resident shareholders

CGT Rollover Relief

The exchange of Careers Australia Shares for Site shares will have CGT implications for Careers Australia Shareholders in the financial year that this happens, provided the Careers Australia Shares are held on capital account (e.g. as a passive investment to earn dividends).

As the consideration for the exchange of Careers Australia Shares is Site shares only (and not cash) scrip-for-scrip CGT Rollover Relief may be available, so that any capital gain arising as a result of the exchange is disregarded. CGT Rollover Relief will not be available to the extent that any cash consideration is accepted for the Careers Australia shares.

A Careers Australia shareholder may choose to apply CGT Rollover Relief by excluding the capital gain from its income tax return.

If CGT Rollover Relief is chosen, the CGT cost base of the Site shares received is worked out by attributing the CGT cost base of the shareholder's original Careers Australia shares to the Site shares. Further, the replacement Site shares received will be deemed to have been acquired when the Careers Australia shares they were exchanged for were originally acquired.

Site has stated in its Bidder Statement that if a joint election is needed to apply CGT Rollover Relief, Site will make the joint election, if the Careers Australia shareholder requests this and provides certain information about the cost base of its Careers Australia shares to Site in writing. Site has also stated that it will not make any choice or election to prevent a Careers Australia shareholder from obtaining CGT Rollover Relief.

No CGT Rollover Relief

If CGT Rollover Relief is not available, or the Careers Australia shareholder chooses not to apply it, then the normal CGT rules may apply to tax the disposal of the Careers Australia shares, and a taxable capital gain may arise in the hands of the Careers Australia shareholder.

If a Careers Australia shareholder has held its Careers Australia shares for a period of longer than 12 months at the disposal date, then the 50% CGT discount may apply to the capital gain that arises. Generally speaking, only individuals or trusts may access the 50% CGT discount. Superannuation funds may be eligible for a one-third CGT discount (i.e. 33.33% CGT discount). Companies are not eligible for the 50% CGT discount.

Conditions for CGT Rollover Relief

In order for CGT Rollover Relief to be available, the following key conditions need to be satisfied:

- (a) The Careers Australia shareholder exchanges its Careers Australia shares for Site shares;
- (b) The exchange is in consequence of a single arrangement where:
 - (1) all the owners of voting shares in Careers Australia could participate on substantially the same terms;
 - (2) as a result of the arrangement, Site becomes the owner of at least 80% of the voting shares in Careers Australia;

- (c) Apart from the rollover, the Careers Australia shareholder would make a capital gain, as a result of the exchange of shares under the Offer;
- (d) The Careers Australia shareholder chooses to apply CGT Rollover Relief.

Conditions (c) and (d) above depend upon each Careers Australia shareholder's individual action and circumstances.

If Site doesn't acquire at least 80% of the voting shares in Careers Australia, then CGT Rollover Relief will not be available.

Revenue account

An Australian resident Careers Australia shareholder who holds its shares on revenue account will have any profit or gain it makes on the exchange of its Careers Australia shares for Site shares taxed as income, and not under the CGT rules (and the 50% CGT discount would not be available). CGT Rollover relief is not available to shareholders who hold their shares on revenue account.

Foreign resident shareholders

Any foreign resident Careers Australia shareholders should seek their own independent tax advice on the tax implications of the Scheme, under both Australian tax law and the laws of their country of residence.

13. Additional Information

13.1 Information on Site

Site is listed on the ASX. Section 3 of the Bidder's Statement provides background information regarding Site.

For further information regarding Site, refer to its website www.sitegroupinternational.com.

13.2 Issued Capital

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

- 103,584,686 ordinary fully paid shares; and
- 5,850,000 options to subscribe for ordinary fully paid shares described in Section 13.3.

13.3 Senior Management Options

Senior Management of Careers Australia currently hold or entitled to be granted the following options in Careers Australia:

(a) Patrick McKendry

- 450,000 options exercisable at \$0.20 and expiring 30 September 2011
- 1,700,000 (Tranche D) options exercisable at \$0.40 and expiring 30 June 2013
- 1,700,000 (Tranche E) options exercisable at \$0.40 and expiring 30 June 2013

(b) Blake Gaffney

- 50,000 options exercisable at \$0.45 and expiring 30 June 2011
- 25,000 options exercisable at \$0.45 and expiring 30 June 2012
- 25,000 options exercisable at \$0.45 and expiring 30 June 2013

(c) Walter Gilmore

- 100,000 options exercisable at \$0.45 and expiring 30 June 2011
- 175,000 options exercisable at \$0.45 and expiring 30 June 2012
- 200,000 options exercisable at \$0.45 and expiring 30 June 2013

(d) Keomany Khounthavong

- 66,667 options exercisable at \$0.45 and expiring 30 June 2011
- 66,667 options exercisable at \$0.45 and expiring 30 June 2012
- 66,666 options exercisable at \$0.45 and expiring 30 June 2013

(e) Tim McGuire

- 50,000 options exercisable at \$0.45 and expiring 30 June 2011

- 25,000 options exercisable at \$0.45 and expiring 30 June 2012
 - 25,000 options exercisable at \$0.45 and expiring 30 June 2013
- (f) Steve Platz
- 200,000 options exercisable at \$0.45 and expiring 30 June 2011
 - 150,000 options exercisable at \$0.45 and expiring 30 June 2012
 - 125,000 options exercisable at \$0.45 and expiring 30 June 2013
- (g) Paul Scaysbrook (Scaysbrook Family Trust)
- 100,000 options exercisable at \$0.45 and expiring 30 June 2011
 - 250,000 options exercisable at \$0.45 and expiring 30 June 2012
 - 300,000 options exercisable at \$0.45 and expiring 30 June 2013

The Independent Directors have recommended to Senior Management who hold these options that they take no action in respect of the options.

13.4 Notice of the Bidder's Voting Power

As at 15 April 2011, the Bidder held no Relevant Interest in Careers Australia's issued capital. The Bidder is required to notify the ASX and Careers Australia before 9.30am on each trading day during the Offer Period where there is an increase in Site's relevant interest representing at least 1% in Careers Australia's issued capital.

13.5 Material Contracts

Careers Australia has material contracts which include change in control provisions which may be triggered if Site is successful in acquiring control of Careers Australia. Some of these contracts include State Government funding agreements and leases.

If the change in control provisions are triggered it will give rise to the ability of the counterparty to exercise certain rights such as termination or withdrawal of funding. If the counterparty elects to exercise those rights it may have a material adverse effect on the assets and liabilities, financial position and performance, profits and losses and prospects of Careers Australia.

13.6 Obtain copies of documents

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

Careers Australia Shareholders may obtain a copy of:

- the 2010 Annual Report of Careers Australia;
- Careers Australia's constitution,

free of charge upon request by contacting Careers Australia.

13.7 Effect of the Offer on Options

One of the conditions of the Site Offer is that before the end of the Offer Period, all of the Careers Australia Options are exercised, cancelled or transferred to Site or are the subject of agreements or

arrangements entered into between Site and the relevant holder of the Options that will cause the Options to be cancelled or transferred to Site.

As at 15 April 2011, there are 7 optionholders.

The Independent Directors anticipate that before the end of the Offer Period, Site will approach the optionholders to obtain the consent to either the transfer or cancellation of the Options. The Independent Directors are not aware of what terms Site may offer for transfer or cancellation or when such offer will be made.

There are 1,016,667 vested options that could be exercised before the expiry of the Site Offer.

13.8 Directors' Interests in Careers Australia Shares and Options

At the date of this Target's Statement, the number, description and amount of Careers Australia Shares and options held or controlled by or on behalf of each Director are as follows

Director*	Description	Number
Mr Trevor Rowe	Ordinary Shares	13,050,000
	Options	nil
Mr Patrick McKendry	Ordinary Shares	1,150,000
	Options	3,850,000
Mr Darryl Somerville	Ordinary Shares	2,000,000
	Options	nil
Mr Patrick Grier	Ordinary Shares	1,000,000
	Options	nil
Mr Vernon Wills	Ordinary Shares	30,001,786
	Options	nil

* Note: Includes direct and indirect interests in securities

13.9 Recent Dealings in Careers Australia Shares by Directors

There have been no acquisitions or disposals of Careers Australia Shares by Directors or any of their respective associates in the four months preceding the date of this Target's Statement.

13.10 Interests or Dealings in Site Securities

Other than the interests held by Mr Vernon Wills as noted in Section 12.5 of this Target's Statement, none of the Directors or any of their respective Associates have any relevant interest in the securities of Site or any related body corporate of Site, or have acquired or disposed of any securities of Site or any related body corporate of Site in the four months preceding the date of this Target's Statement.

13.11 No payments or benefits

No Director has agreed to receive, or is entitled to receive, any benefit from Site or Careers Australia which is conditional on, or is related to, the Offer, other than in their capacity as a holder of Careers Australia Shares.

As a result of the Offer, no benefit has been or will be given to a person:

- (a) in connection with the retirement or a person from the board or management of Careers Australia; or
- (b) who holds, or has held a position on the board or management of Careers Australia, or a spouse, relative or associate of such person, in connection with the transfer of the whole or any part of the undertaking of property of Careers Australia,

which would require approval of Careers Australia Shareholders under section 200B of the Corporations Act.

13.12 No agreement or arrangement with any Director of Careers Australia

There is no agreement or arrangement made between any Director or any related body corporate or associate of any Director and any other person in connection with or conditional upon the outcome of the Offer other than in their capacity as a holder of Careers Australia Shares.

13.13 Interests held by Directors of Careers Australia in any contract entered into by Careers Australia

Other than the interests held by Mr Vernon Wills as noted in Section 12.5 of this Target's Statement, no Director, nor any related body corporate or associate of Careers Australia, has an interest in any contract entered into by Site or any Director, related body corporate or associate of Site.

Careers Australia has contracts with Site for commercial business operations which have been entered on arm's length terms.

13.14 Other Interests of Careers Australia Directors

Details of the remuneration entitlements of Careers Australia Directors and senior management are set out in the 2010 Annual Report for Careers Australia. There have been no material changes to remuneration of Careers Australia Directors since the issue of the 2010 Annual Report.

13.15 No Other Material Information

This Target's Statement is required to include all information that shareholders and their advisers would reasonably expect to receive to make an informed assessment whether to accept the Offer, but only to the extent that:

- it is reasonable for the Shareholders and advisers to expect to receive that information in the Target's Statement; and
- the information is known to the Directors.

The Independent Directors are of the opinion that the information that the Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept or reject the Offer are contained within:

- this Target's Statement;
- the Bidder's Statement (to the extent that the information contained in that document is not inconsistent with the Target's Statement);
- the annual and other financial reports, releases, announcements and documents lodged by Site with ASX and/or ASIC; and
- the annual and other financial reports, releases and documents lodged by Careers Australia with ASIC.

In preparing this Target's Statement, the Independent Directors have assumed that the information contained in the Bidder's Statement is accurate. However, the Independent Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all of the statements contained in it.

In deciding what information should be contained in this Target's Statement, the Independent Directors have had regard to:

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

14. Consents

14.1 Other Persons

Each of the other persons to whom a statement is attributed in this Target's Statement, or whose statement is included in this Target's Statement, or on which a statement in this Target's Statement is said to be based, has (other than as noted below):

- (a) consented to the relevant statement being included in this Target's Statement in the form and context in which it is included; and
- (b) has not withdrawn that consent before this Target's Statement was lodged with ASIC.

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

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

14.2 Directors

The Independent Directors have given and have not, before the date of issue of this Target's Statement withdrawn, their consent to be named in this Target's Statement in the form and context in which they are named.

14.3 Third Parties

HopgoodGanim Lawyers has given and has not, before the lodgement of this Target's Statement with ASIC, withdrawn its written consent to be named in this Target's Statement as legal adviser to Careers Australia in respect of the Offer in the form and context in which it is named. HopgoodGanim Lawyers does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based. To the maximum extent permitted by law, HopgoodGanim Lawyers expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name.

Crowe Horwath Corporate Finance Limited has given and has not, before the lodgement of this Target's Statement with ASIC, withdrawn its written consent to be named in this Target's Statement as the Independent Expert to Careers Australia in respect of the Offer in the form and context in which it is named. Crowe Horwath Corporate Finance Limited does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based. To the maximum extent permitted by law, Crowe Horwath Corporate Finance Limited expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name.

14.4 Publicly Available Information

This Target's Statement contains statements which are made in, or based upon, statements contained in the Bidder's Statement lodged with ASIC and announcements lodged by Site with ASX. As permitted by ASIC Class Order 01/1543, the consent of Site is not required for the inclusion of these statements in the Target's Statement.

15. Interpretation

15.1 In this Target's Statement unless the contrary intention appears the following words have the following meanings:

Accepting Director means Darryl Somerville, the Independent Director who recommends accepting the Site Offer for the reasons set out in section 8.4;

Announcement Date means 17 March 2011, being the date on which Site announced publicly that Site proposed to make the Offer;

ASIC means the Australian Securities and Investments Commission;

Associate has the meaning ascribed to that term in section 9 of the Corporations Act;

ASX means the Australian Securities Exchange;

ASX Listing Rules means the official listing rules of ASX as amended or replaced from time to time;

Bidder means Site Group International Limited ACN 003 201 910;

Bidder's Statement means that Bidder's Statement dated 31 March 2011 given by Site to Careers Australia on that date;

Careers Australia means Careers Australia Group Limited ACN 122 171 840;

Careers Australia Board means the Directors of Careers Australia acting collectively as its board of Directors;

Careers Australia Group means Careers Australia and its subsidiaries from time to time;

Careers Australia Shareholder means a holder of Careers Australia Shares;

Careers Australia Shares or **Shares** means ordinary issued shares of Careers Australia from time to time;

CGT means capital gains tax;

Company means Careers Australia;

Competing Proposal means a proposal for a takeover bid, scheme of arrangement or other corporate transaction involving Careers Australia or Careers Australia Shares that would compete with the Offer or mean that a Defeating Condition would not be fulfilled;

Condition Period means the period beginning on the Announcement Date and ending at the end of the Offer Period;

Corporations Act means the *Corporations Act 2001* (Cth);

Defeating Condition means the conditions of the Offer set out in Schedule 2 of the Bidder's Statement;

Directors mean the directors of Careers Australia;

Foreign Shareholders mean Careers Australia Shareholders whose address on the Careers Australia share register is outside of Australia and its external territories or New Zealand;

Independent Directors means Mr Trevor Rowe, Mr Patrick McKendry, Mr Darryl Somerville and Mr Patrick Grier, being Directors, each of whom wishes to make, and considers himself justified to make, a recommendation to Careers Australia Shareholders in respect of the Offer.

Independent Expert means Crowe Horwath Corporate Finance Limited;

Independent Expert's Report means the independent expert's report prepared by the Independent Expert and dated 15 April 2011, which is contained in Annexure A to this Target's Statement.

Listing Rules means the Listing Rules of ASX;

Merged Group means Site Group at the successful conclusion of the Offer;

Offer or **Site Offer** means the offer referred to in the Bidder's Statement and made by Site to the holders of Careers Australia Shares to acquire all or any of the Careers Australia Shares;

Offer Period means the period commencing on 31 March 2011 and ending at 5.00pm (Brisbane time) on 20 May 2011 or such later date to which the Offer has been extended;

Offer Terms means the terms of the Offer set out in Schedule 1 of the Bidders Statement, in accordance with section 650D of the Corporations Act;

Options means options to subscribe for Careers Australia Shares;

Rejecting Directors means the Independent Directors who recommend rejecting the Site Offer, being Trevor Rowe, Patrick McKendry and Patrick Grier, for the reasons set out in section 3;

Relevant Interest has the meaning ascribed to that term in section 9 of the Act;

RTO means registered training organisation;

Site means:

- (a) Site Group International Limited ACN 003 201 910 ; or
- (b) the Bidder;

Site Group means Site and its subsidiaries;

Superior Offer means a Competing Proposal that:

- (a) is actually proposed or offered;
- (b) in the determination of the Independent Directors, acting reasonably and in good faith and in order to satisfy what the Independent Directors consider to be its fiduciary or statutory duties (after having taken advice from its advisers):
 - (1) would be likely to be completed substantially in accordance with its terms; and
 - (2) if completion of that Competing Proposal occurred and taking into account the terms and conditions of the proposal, it would result in a transaction more favourable to Careers Australia Shareholders than the Offer;

Target's Statement means this document;

VET means vocational education and training.

15.2 In this Target's Statement, unless the contrary intention appears:

- (a) the singular includes the plural and vice versa;
- (b) the masculine gender includes the feminine and (where a corporation is or may be concerned) the neuter;
- (c) words and expressions defined in the Corporations Act have the same meanings;
- (d) headings are for ease of reference only and do not affect the meaning or interpretation.

Dated 15 April 2011.

Signed for and on behalf of Careers Australia Group Limited by Mr Trevor Rowe who is authorised so to sign pursuant to a resolution passed at a meeting of the Independent Directors.

A handwritten signature in black ink, appearing to read 'T. Rowe', with a stylized flourish at the end.

Mr Trevor Rowe AM, DUniv
Chairman

Corporate Directory

Directors	Mr Trevor Rowe, AM DUniv Mr Patrick McKendry Mr Darryl Somerville Mr Patrick Grier Mr Vernon Wills
Registered Office	123 Gotha Street Fortitude Valley Qld 4006
Website	www.careersaustralia.edu.au
Solicitors	HopgoodGanim Lawyers Level 8, Waterfront Place 1 Eagle Street Brisbane Qld 4000
Independent Expert	Crowe Horwath Corporate Finance Limited Level 16, 120 Edward Street Brisbane Qld 4001

Annexure A
Independent Expert's Report



Careers Australia Group Limited

INDEPENDENT EXPERT'S REPORT

For the purposes of section 640 of the Corporations Act 2001 (Cth)

15 April 2011

For further information please contact:

Harley Mitchell or Ross Patane

Crowe Horwath Corporate Finance Ltd
ACN 001 508 363
AFSL 239170

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Financial Services Guide

Dated 15 April 2011

General Advice – Expert’s Report

This Financial Services Guide is designed to help retail clients make a decision as to their use of the relevant general financial product advice; to ensure that we comply with our obligations as a financial services licensee; and to provide you with information on:

- how we and our associates are paid
- any potential conflict of interest we may have
- our internal and external dispute resolution procedures and how you can access them.

Introduction

Crowe Horwath Corporate Finance Ltd ACN 001 508 363 has been engaged to issue general financial product advice in the form of an Expert’s Report for inclusion in a disclosure or other document in relation to the issuing of a financial product.

Who is responsible for the financial services provided to me?

Crowe Horwath Corporate Finance Ltd holds an Australian Financial Services Licence No. 239170 and is responsible for the financial services provided by it and its Authorised Representatives, including authorising the distribution of this Financial Services Guide.

Crowe Horwath Corporate Finance Ltd is wholly owned by WHK Pty Ltd and operates as part of the business advisory and professional accounting practice of Crowe Horwath Brisbane.

General Financial Product Advice

In the Expert’s Report we provide general financial product advice, not personal financial product advice, because the advice has been prepared without taking into account your personal objectives, financial situation or needs.

You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs.

What kinds of financial services are you authorised to provide to me?

We are authorised to provide advice on, and deal in, the following classes of financial products to wholesale and retail clients:

- 1) Provide financial product advice for the following classes of financial products:
 - a) derivatives; and
 - b) securities.
- 2) Deal in a financial product by:
 - a) issuing, applying for, acquiring, varying or disposing of a financial product in respect of the following classes of financial products:
 - i) derivatives.
 - b) applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of the following classes of products:
 - i) derivatives; and
 - ii) securities.

Expert's Reports

We provide financial product advice by issuing an Expert's Report in connection with a financial product of another person or entity. Our Report includes a description of the circumstances of our engagement and identifies the person or entity who has engaged us. You have not engaged us directly but you will be provided with a copy of the Report due to your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in the Report.

Do you have any relationships or associations with financial product issuers?

Crowe Horwath Corporate Finance Ltd and any of its associated entities may at any time provide professional or financial services to financial product issuers in the ordinary course of our business.

How is Crowe Horwath Corporate Finance Ltd paid to produce an Expert's Report?

We have been paid a fee in the vicinity of \$45,000 for providing this Expert's Report. This fee is paid by the person or entity which engages us to provide the Report. The fee has not affected the opinion we have expressed in the Report.

Except for this fee, neither Crowe Horwath Corporate Finance Ltd, nor any of its principals, employees or related entities, receives any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the Report.

Does Crowe Horwath Corporate Finance Ltd get paid for referring clients to invest in the products associated with your Expert's Reports?

We do not pay commissions or provide any other benefits to any person for referring clients to us in connection with the Expert's Report that we are engaged to provide.

We do not receive commissions or any other benefits for referring clients in connection with the underlying financial product and / or financial service that is the subject of the reports we are engaged to provide.

Do I pay for the financial services provided?

You do not pay us a fee for the production of the Expert's Report. It is the responsibility of the person or entity which engaged our services to produce the Report to meet this cost.

Who can I complain to if I have a complaint about the financial services provided?

If you have any complaint about the service provided to you, you should take the following steps.

- 1) Contact us and tell us about your complaint.
- 2) If your complaint is not satisfactorily resolved within three business days, please contact the Complaints Officer on (07) 3233 3555, or put your complaint in writing and send it to us at:

The Complaints Officer
Crowe Horwath Corporate Finance Ltd
GPO Box 736
BRISBANE QLD 4001

- 3) If you still do not get a satisfactory outcome you can contact the Financial Industry Complaints Service Ltd (FICS) of which Crowe Horwath Corporate Finance Ltd is a member. FICS can be contacted on 1300 780 808 or you can write to them at PO Box 579, Collins Street West, Melbourne Vic 8007.

The Australian Securities & Investments Commission (ASIC) has a freecall Infoline on 1300 300 630 which you may also use to make a complaint or obtain information about your rights.

If you have any further questions about the financial services Crowe Horwath Corporate Finance Ltd provides, please contact our office on (07) 3233 3555.

The Non-associated Directors
Careers Australia Group Limited
C/- Mr Patrick McKendry
Chief Executive Officer
PO Box 1433
FORTITUDE VALEY QLD 4006

Dear Sirs

Crowe Horwath Corporate Finance Limited (**CHCF**) has been appointed by the non-associated directors of Careers Australia Group Limited (**CAG**) to prepare an Independent Expert's Report (**IER / Report**) to express an opinion as to whether an off-market takeover offer (**Takeover Offer**) from Site Group International Limited (**Site**), is fair and reasonable to the non-associated shareholders of CAG. The Report is required for inclusion in a Target's Statement to be forwarded by the directors of CAG to CAG Shareholders for their consideration in determining whether to accept the Takeover Offer.

This letter is a summary of CHCF's analysis and opinion and does not constitute a substitute for the reading of the entire Report. CAG Shareholders should read the Target's Statement issued by CAG, together with the Report in full, prior to deciding whether to accept the Takeover Offer.

An individual shareholder's decision in relation to the Takeover Offer may be influenced by his or her particular circumstances. CHCF has considered the Takeover Offer generally; it has not taken into account the objectives, financial situation or needs of individual CAG Shareholders. Due to particular circumstances, individual CAG Shareholders may place different emphasis on various aspects of the Takeover Offer from the one adopted in the Report. Accordingly, individuals may reach different conclusions as to whether to accept the Takeover Offer.

Except for the Report, CHCF had no involvement in the preparation of the Target's Statement, and as such, CHCF, its officers, representatives, employees and agents disclaim all liability (except for any liability which by law cannot be excluded), for any error, inaccuracy in, or omission from, the information contained in the Target's Statement other than the Report, or any loss or damage suffered by any person directly or indirectly through relying on this information.

The Takeover Offer

On 17 March 2011, Site announced its intention to acquire all of the shares in CAG and disclosed a draft bidder's statement on the Australian Securities Exchange (**ASX**). On 31 March 2011, Site issued a final bidder's statement (**Bidder's Statement**) to CAG Shareholders. The terms of the Takeover Offer prescribe that CAG Shareholders will receive 3.5 shares in Site in exchange for each CAG Share held. If the Takeover Offer is successful, CAG will become a subsidiary of Site, and CAG and Site will be operated as a merged group (**Merge Co**).

Evaluation Criteria

As per ASIC's Regulatory Guide 111 (**RG 111**), the Report considers whether the Takeover Offer is a control transaction, and examines the substance of the transaction rather than the legal mechanism to effect it.

CHCF considers the following attributes of the Takeover Offer relevant in examining the substance of the transaction:

- Prima facie, the Takeover Offer represents a reverse takeover given that the Takeover Offer will have a material effect on the control of Site (**Bidder**), rather than CAG (**Target**).
- There will be no material change in control of CAG as a result of the Takeover Offer as CAG Shareholders will collectively retain a 72.8% interest (fully diluted basis) or 73.0% interest (undiluted basis) in CAG's assets.
- Assuming 100% acceptance of the Takeover Offer, no single shareholder will obtain or lose a controlling interest in Merge Co as a result of the Takeover Offer. The largest shareholder in CAG currently holds a 29.0% interest in CAG. Assuming no change in individual holdings, that same shareholder will be the largest shareholder in Merge Co with a 29.8% interest. Consequently, CAG shareholders will, as a result of the Takeover Offer, effectively replace their minority interest holding in CAG for a minority interest holding in Merge Co.
- CAG will have board representation. The Bidder's Statement states that Site intends to invite Mr Patrick McKendry to join Site's existing board of directors and will retain other key members of the CAG board. In addition Mr Vernon Wills, who is a director of both Site and CAG, will also be a director of Merge Co. However, CHCF note that it is unclear whether Site or CAG will have majority representation on the Merge Co board.

As no single shareholder will obtain a controlling interest in Merge Co and CAG Shareholders will replace their minority interest holding in CAG for a minority interest holding in Merge Co, CHCF considers it appropriate to undertake an assessment of fairness on an equivalent, minority basis, rather than including a control premium. Accordingly, CHCF has assessed whether the Takeover Offer is fair to Non-associated CAG Shareholders by comparing, on a minority basis, the value of a CAG Share with the value of the consideration to be received from Site of 3.5 Site Shares.

Purpose of the Report

Section 640 of the Corporations Act requires CAG to commission an independent expert to prepare an IER where the Target and the Bidder share a common director, namely, Mr Vernon Wills. In the report, CHCF must state whether, in its expert opinion, the Takeover Offer is "fair" and "reasonable", and give reasons for forming that opinion.

Factors considered in forming the Opinion

The terms fair and reasonable are not defined in the Corporations Act, however ASIC provides the following guidance:

- an offer is fair if the value of the offer price (consideration) is equal to or greater than the value of the securities the subject of the offer
- an offer is deemed to be reasonable if it is fair
- an offer may be reasonable if, despite being not fair, the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.

Summary of Opinion

CHCF are of the opinion that the Takeover Offer is fair and reasonable to Non-associated CAG Shareholders. This opinion should be read in conjunction with the remainder of this letter and the attached Report which sets out CHCF's scope and findings in detail.

Assessment of Fairness

The Takeover Offer is fair to Non-associated CAG Shareholders as the valuation assessment of the consideration offered by Site (3.5 ordinary shares) is greater than the range of the valuation assessments of CAG (1 ordinary share), as follows:

Table A: Valuation Summary for CAG and Site

	Reference (Report Section)	Low	Mid-point	High
Value of a Site Share	Section 7.4	\$0.17	\$0.20	\$0.23
Conversion rate	Section 1.2	3.5	3.5	3.5
Value of Site Offer	Section 8.1	\$0.595	\$0.70	\$0.805
Value of a CAG Share (undiluted)	Section 7.2.6	\$0.56	\$0.60	\$0.63
Value of a CAG Share (fully diluted)	Section 7.2.6	\$0.53	\$0.56	\$0.60

Source: CHCF analysis

Note: Valuation of a Site Share and a CAG Share has been prepared on a minority basis

CHCF have valued Site based on publicly available information which is limited given Site has only been a public company since December 2010. In preparing the Report, CHCF requested further information from Site, however Site restricted the provision of information to what is publically available.

Detailed valuations of Site and CAG are provided in Section 7 of the Report.

Assessment of Reasonableness

The Takeover Offer is fair, therefore it is reasonable. CHCF has additionally identified the advantages and disadvantages of the Takeover Offer to Non-associated CAG Shareholders below:

Table B: Advantages and Disadvantages of the Takeover Offer

Advantages	Disadvantages
<ul style="list-style-type: none"> The Takeover Offer will result in CAG (through Merge Co) being listed on the ASX. The Takeover Offer provides CAG Shareholders with liquidity. Merge Co will have more diverse operations than CAG. Growth profile may be enhanced in Merge Co. Tax rollover relief may be available provided acceptance is at least 80%. 	<ul style="list-style-type: none"> There are a number of potentially superior alternatives to the Takeover Offer available to CAG. The composition of Merge Co's board is uncertain. Merge Co has a higher risk profile than CAG. The consideration for the Takeover Offer consists of Site Shares which are illiquid. CAG may forego the possibility of more attractive acquisitions given the Takeover Offer represents a reverse takeover. The information provided in relation to Site's operations has been limited. Merge Co management may prioritise an improvement in Site's operations. CAG Shareholders will have their existing ownership diluted. Tax rollover relief will not be available if acceptance is below 80%.

Source: CHCF analysis

A more detailed discussion of the advantages and disadvantages of the Takeover Offer can be found in Section 8.2 of the Report.

Other matters

CHCF holds Australian Financial Services Licence No. 239170, and its representatives are qualified to provide this Report. This license authorises CHCF to carry on a financial services business to provide financial product advice for various classes of financial products.

In accordance with the Corporations Act, CHCF confirms that it is not aware of any business relationship or financial interest of a material nature with either CAG, or its related parties or associates, that compromises CHCF's impartiality.

CHCF provided a draft copy of the Report to the Non-Associated CAG Directors for their comments as to factual accuracy. Changes made, if any, to the Report as a result of review by the Non-associated CAG Directors has not changed the methodology, conclusions, or opinion of CHCF.

It is not intended that the Report be used or relied upon for any purpose other than for CHCF's opinion on whether the Takeover Offer is fair and reasonable to Non-associated CAG Shareholders. CHCF expressly disclaims liability to any person who relies on this Report for any other purpose.

CHCF consents to the issuing of the Report in the form and context in which it is to be included in the Target's Statement. Neither the whole nor any part of the Report nor any reference to it may be included in any other document without the prior written consent of CHCF to the form and context in which it appears.

Yours sincerely



Crowe Horwath Corporate Finance Ltd
ACN 001 508 363
AFSL 239170

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1. The Takeover Offer

1.1. The Bidder's Statement

On 17 March 2011, Site Group International Limited (**Site**) announced its intention to acquire all of the shares in Careers Australia Group Limited (**CAG**) (**Takeover Offer**) and disclosed a draft bidder's statement on the Australian Securities Exchange (**ASX**). On 31 March 2011, Site issued a final bidder's statement (**Bidder's Statement**) to CAG Shareholders. The terms of the Takeover Offer prescribe that CAG Shareholders will receive 3.5 shares in Site in exchange for each CAG Share held. If the Takeover Offer is successful, CAG will become a subsidiary of Site, and CAG and Site will be operated as a merged group (**Merge Co**).

1.2. Key Terms of the Takeover Offer

The following is a list of key terms of the Takeover Offer. For a comprehensive list of the terms of the Takeover Offer please refer to Schedule 1 of the Bidder's Statement and the accompanying Target's Statement. Both the Bidder's Statement and the Target's Statement should be read in full by CAG shareholders.

- Under the Takeover Offer, the consideration payable to CAG Shareholders is 3.5 Site Shares for each CAG Share.
- If the Takeover Offer is successful, accepting CAG Shareholders will receive ASX quoted Site Shares in exchange for their unlisted CAG Shares.
- If Site acquires 100% of CAG Shares under the Takeover Offer, Site will issue approximately 362,266,401 new Site Shares to CAG Shareholders which will equate to approximately 72.8% interest (fully diluted basis) or 73.0% interest (undiluted basis) of the issued capital of Merge Co (prior to any capital raising).
- The Takeover Offer is conditional on Site acquiring at least 90% of the CAG Shares on issue.
- The Takeover Offer is conditional on the CAG Options being either exercised, cancelled or transferred to Site, or under agreements or arrangements to be either exercised, cancelled or transferred to Site.
- Site intends to raise up to \$20 million from the issue of new Site Shares to fund the working capital requirements of Merge Co. Whilst Site has undertaken preliminary discussions with selected potential investors, the terms of this capital raising have not yet been finalised and there is no certainty that Site will be able to raise the required capital.
- The Takeover Offer is open for acceptance until 5.00pm (Brisbane time) on 20 May 2011, unless extended.
- The Takeover Offer is subject to conditions set out in Schedule 2 of the Bidder's Statement and CAG Shareholders should read the conditions in full. CHCF notes that Site retains the ability to waive the conditions.

1.3. Rationale for the Takeover Offer

Should the Takeover Offer result in Site obtaining 100% control of CAG, Site intends to combine CAG and Site's existing operations to form Merge Co, which will be managed centrally through offices in Brisbane. Site does not intend to make any significant changes to the business activities of CAG.

Site has identified a number of benefits of the merger including the ability for CAG and Site to provide complementary service offerings to common customers, and the ability to raise up to \$20 million from the issue of new shares to fund the working capital requirements of Merge Co.

2. Scope of the Report

2.1. Purpose of the Report

Crowe Horwath Corporate Finance Limited (**CHCF**) has been engaged to prepare an Independent Expert's Report (**IER**) to express an opinion as to whether the Takeover Offer is fair and reasonable to Non-associated CAG Shareholders. The IER is provided to Non-associated CAG Shareholders to assist them in making an informed decision on whether to accept the Takeover Offer.

An individual shareholder's decision in relation to the Takeover Offer may be influenced by his or her particular circumstances. CHCF has considered the Takeover Offer generally; it has not taken into account the objectives, financial situation or needs of individual CAG Shareholders. Due to particular circumstances, individual CAG Shareholders may place different emphasis on various aspects of the Takeover Offer from the one adopted in this Report. Accordingly, individuals may reach different conclusions as to whether to accept the Takeover Offer.

The IER will accompany the Target's Statement to be forwarded to Non-associated CAG Shareholders for their consideration in determining whether to accept the Takeover Offer. The IER should be read in full together with the Target's Statement and any other information provided to Non-associated CAG Shareholders to assist them in their decision.

2.2. Regulatory Requirements

Section 640 of the Corporations Act requires CAG to commission an independent expert to prepare an IER where the Target and the Bidder share a common director, namely, Mr Vernon Wills. In its report, CHCF must state whether, in its expert opinion, the Takeover Offer is "fair" and "reasonable", and give reasons for forming that opinion.

The terms fair and reasonable are not defined in the Corporations Act, however ASIC provides the following guidance:

- an offer is fair if the value of the offer price (consideration) is equal to or greater than the value of the securities the subject of the offer
- an offer is deemed to be reasonable if it is fair
- an offer may be reasonable if, despite being not fair, the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.

2.3. Evaluation Criteria

In determining whether the Takeover Offer is fair and reasonable, CHCF has had regard to common market practice, ASIC's Regulatory Guide 111 (**RG 111**) in relation to the content of independent expert's reports and Regulatory Guide 60 (**RG 60**) in relation to schemes of arrangement.

RG 111 provides guidance on the content of independent expert's reports prepared for transactions under Chapters 5, 6 and 6A of the Corporations Act, including takeover bids and schemes of arrangements. RG 60 provides guidance for companies and their advisors involved in, or affected by, schemes of arrangement between a company and its members under the Corporations Act. RG 60 is relevant as reverse takeovers are commonly proposed under schemes of arrangement.

RG 111 provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions. RG 111 suggests that an expert, in deciding on the appropriate form of analysis for a report, should focus on the purpose and outcome of the transaction, that is, the substance of the transaction.

CHCF has considered a number of attributes of the Takeover Offer as relevant in examining the substance of the transaction, as discussed below.

Prima facie, the Takeover Offer represents a reverse takeover given that the Takeover Offer will have a material effect on the control of Site (**Bidder**), rather than CAG (**Target**), as detailed in the table below:

Table 1: Analysis of Merge Co Share Register Composition

Entity	Pre Takeover Offer		Post Takeover Offer			
	Ordinary Shares	Options to acquire Ordinary Shares	Merge Co Ordinary Shares (fully diluted)	Merge Co Ordinary Shares (undiluted)	Merge Co Interest % (fully diluted)	Merge Co Interest % (undiluted)
CAG	103,504,686	5,850,000	382,741,401	362,266,401	72.8%	73.0%
Site	134,035,101	8,835,000	142,870,101	134,035,101	27.2%	27.0%

Source: CHCF analysis

Assumptions:

1. Includes rounding
2. All outstanding options in both CAG and Site are exercised during the Offer Period
3. Ownership percentages are prior to any capital raising in Merge Co

There will be no material change in control of CAG as a result of the Takeover Offer as CAG Shareholders will collectively retain a 72.8% interest (fully diluted basis) or 73.0% interest (undiluted basis) in CAG's assets.

Assuming 100% acceptance of the Takeover Offer, no single shareholder will obtain or lose a controlling interest in Merge Co as a result of the Takeover Offer. The largest shareholder in CAG currently holds a 29.0% interest in CAG. Assuming no change in individual holdings, that same shareholder will be the largest shareholder in Merge Co with a 29.8% interest, as shown in the table below:

Table 2: Major shareholdings in CAG Pre Takeover and Post Takeover

Shareholder	CAG (Pre Takeover)		Merge Co (Post Takeover)	
	Shareholding (Ordinary Shares)	% of Total	Shareholding (Ordinary Shares)	% of Total
Mr Vernon Wills and associates (Wills)	30,001,786	29.0%	147,711,251	29.8%
Talbot Group Holdings Pty Ltd (Talbot)	13,870,863	13.4%	92,719,142	18.7%
Other Site shareholders	n.m.	n.m.	47,158,980	9.5%
Other CAG shareholders	59,632,037	57.6%	208,712,130	42.1%
Total Shares Issued	103,504,686	100.0%	496,301,502	100.0%

Source: CHCF analysis

Note:

1. n.a. – not available
2. Includes rounding

Consequently, CAG shareholders will, as a result of the Takeover Offer, effectively replace their minority interest holding in CAG for a minority interest holding in Merge Co.

CAG will have board representation. The Bidder's Statement states that Site intends to invite Mr Patrick McKendry to join Site's existing board of directors and will retain other key members of the CAG board. In addition Mr Vernon Wills, who is a director of both Site and CAG, will also be a director of Merge Co. However, CHCF note that it is unclear whether Site or CAG will have majority representation on the Merge Co board.

Fairness

As no single shareholder will obtain a controlling interest in Merge Co and CAG Shareholders will replace their minority interest holding in CAG for a minority interest holding in Merge Co, CHCF has considered it appropriate to undertake an assessment of fairness on an equivalent, minority basis rather than including a control premium. Accordingly, CHCF has assessed whether the Takeover Offer is fair to Non-associated CAG Shareholders by comparing, on a minority basis, the value of a CAG Share with the value of the consideration to be received from Site of 3.5 Site Shares.

CAG Shares and Site Shares have been valued at fair market value, which CHCF has defined as the amount at which the shares would be expected to change hands between a knowledgeable and willing but not anxious buyer, and a knowledgeable and willing but not anxious seller, acting at arm's length. Special purchasers may be willing to pay higher prices to reduce or eliminate competition, to ensure a source of material supply or sales, or to achieve cost savings or other synergies arising on business combinations, which could only be enjoyed by the special purchaser. CHCF's valuation of a CAG Share and a Site Share has not been premised on the existence of a special purchaser.

Reasonableness

RG 111 considers an offer to be reasonable if either the offer is fair, or despite not being fair, but considering other significant factors, shareholders should accept the offer in the absence of any higher bid before the close of the Takeover Offer.

To assess the reasonableness of the Takeover Offer, CHCF has considered the following significant factors in addition to determining whether the Takeover Offer is fair:

- The likelihood of further improved or alternative offers or alternative transactions.
- The recognition that the Takeover Offer, whilst fixed in quantum, is to be satisfied by the issue of new Site Shares and not cash, which therefore necessitates a review of the:
 - liquidity of Site Shares
 - the existing shareholding structure of CAG and Merge Co
 - the conditions of the Takeover Offer
 - a comparison of CAG and Site's risk/return profiles
 - the conditions of the industry in which Site operates
 - ownership of a more diversified investment such as Merge Co as compared with CAG
 - other advantages and disadvantages for Non-associated CAG Shareholders of accepting or rejecting the Takeover Offer.

2.4. Limitation of Usage

This report has been prepared for the express purpose detailed in Section 2.1 of the Report. No reference to, or statement of reliance upon, the Report can be released other than for that purpose without the prior written consent of CHCF as to the form and context of that release.

2.5. Sources of Information

CHCF have valued Site based on publicly available information which is limited given Site has only been a public company since December 2010. In preparing the Report, CHCF requested further information from Site, however Site restricted the provision of information to what is publically available.

This Report has been prepared with the materials and sources of information set out in the Appendices.

2.6. Reliance on Information

The information provided to CHCF has been evaluated through analysis, inquiry and review for the purposes of providing the Report. However, CHCF does not warrant that its inquiries have identified or verified all of the matters that an audit, extensive examination or due diligence investigation might disclose as the procedures and enquiries did not include verification work, nor constitute an audit in accordance with Australian Auditing Standards, nor a review in accordance with Auditing Standards on Review Engagements.

This Report is based upon financial and non-financial information provided by CAG, Site and their advisors. CHCF has no reason to believe that any material facts that a reasonable person would expect to have had disclosed have been withheld. Included in this information are the assumptions and opinions of management which, in some instances, are not capable of external and independent verification or validation.

CHCF's opinion is based on economic, share market, business and trading conditions prevailing at the date of this Report. These conditions can change significantly over relatively short periods. Should these conditions change materially, CHCF's opinion could vary significantly. Notwithstanding this, there is no requirement for CHCF to update its Report for material that may become available subsequent to the date of the Report.

To the extent that there are legal issues relating to assets, properties, business interests or issues relating to compliance with applicable laws, continuous disclosure rules, regulations, and policies, CHCF assumes no responsibility and offers no legal opinion or interpretation. CHCF has generally assumed that matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no legal proceedings, other than as publicly disclosed.

2.7. Disclosure of Previous Engagement

CHCF performed an engagement for CAG prior to the Takeover Offer. The engagement has not, in CHCF's opinion, impacted its ability to provide an independent opinion in relation to the Takeover Offer.

3. Industry Overview

3.1. Introduction

Both CAG and Site broadly operate within the vocational education and training (**VET**) industry in Australia. CAG predominantly delivers VET to domestic students via its 15 training centres in Australia. Site delivers VET to both domestic and international students via Site Education Australia which operates its main campus in Adelaide, Australia. Site Education Australia also provides the policy, quality control, compliance and auspice framework for sister campus, Clark EC, in the Philippines.¹ Site also provides VET to international students through its campus in the Philippines.

3.2. Background

In Australia, VET is delivered by registered training organisations (**RTOs**) including government technical and further education institutions (**TAFEs**), dual-sector institutions, enterprises and community providers.² It is estimated that there are almost 5,000 RTOs in Australia, with approximately 3,700 of these being private providers.

Most VET students are engaged with publicly-funded training providers which largely consist of government administered TAFE colleges or institutes. Other publicly-funded VET is provided by higher education institutions, secondary schools and colleges, agricultural and technical colleges, and adult and community organisations. Private providers of VET include private training organisations,³ business colleges, industry associations, adult and community organisations and employers.

VET providers offer a wide range of subjects and programs including traditional trades, advanced technical training, para-professional and professional studies as well as basic employment and educational preparation. While formal VET study provides skills and nationally recognised qualifications for employment, students may choose to complete only one or two subjects to gain specific skills without completing a full qualification.

3.3. Competitive Landscape

The VET competitive landscape is currently dominated by government-run institutions, with low industry concentration due to federal and state control over TAFEs and Australian Technical Colleges.⁴ While there are no major players in the VET industry, the various state based TAFE institutions are the dominant influence in the industry (refer table below).

VET in Australia is expected to undergo considerable change as state and federal governments push for national reform of the vocational training system.⁵ In a strategy paper released in March 2010, the federal government announced plans to address how Australia will sustain its economic growth and avoid future skills shortages, as well as its plans to lead a new partnership approach to workforce development at government, industry and enterprise level.⁶ These national reforms have already begun to affect industry by raising competition and supporting growth for private providers of VET.⁷

¹ Site website 2011.

² Page 2, IBISWorld Industry Report N8432 – Technical and Further Education in Australia, March 2011 (IBISWorld Report).

³ Page 388, ABS Yearbook Australia 2009-10 (ABS Yearbook).

⁴ Page 22, ABS Yearbook.

⁵ Page 4, IBISWorld Report.

⁶ Page 8, Australian Workforce Futures – A National Workforce Development Strategy, 2010.

⁷ Page 5, IBISWorld Report.

Table 3: VET providers in Australia

State / Company Name	Description	% Market Share	
New South Wales	<p>TAFE NSW</p> <ul style="list-style-type: none"> controls all TAFE institutes in the state incorporates 10 institutes and delivers courses to 400,000 students each year across 130 campuses 	n.a.	
	<p>Other publicly funded VET providers include:</p> <ul style="list-style-type: none"> 2 other government providers approximately 90 community providers 500 private providers 	n.a.	
Victoria	<ul style="list-style-type: none"> decentralised system with no umbrella organisation 	<p>Holmesglen Institute of TAFE</p> <ul style="list-style-type: none"> the state's largest VET provider, offering over 600 courses to over 50,000 students 	2.3%
		<p>Northern Melbourne Institute of Technology</p> <ul style="list-style-type: none"> incorporates 6 metropolitan campuses and 6 training centres, offering over 500 courses 	2.1%
		<p>Box Hill Institute of TAFE</p> <ul style="list-style-type: none"> incorporates 5 campuses and offers over 500 courses 	1.8%
Queensland	<ul style="list-style-type: none"> Queensland Department of Education and Training responsible for TAFE in the state delivered through 109 institutions 	<p>TAFE Queensland</p> <ul style="list-style-type: none"> incorporates 13 institutes and delivers courses to 240,000 students each year in 800 skill areas across 80 locations 	n.a.
		<p>Agricultural College Corporation</p>	n.a.
	<p>Other VET providers include:</p> <ul style="list-style-type: none"> 27 community providers 235 private providers 	n.a.	
Navitas	<ul style="list-style-type: none"> large company with 37 subsidiaries Navitas Workforce Solutions provides corporate training including business administration and Information Technology courses the Australian College of Applied Psychology provides education services to domestic and international students in psychology, leadership and management 	1.0%	
Academies Australasia Group Limited (AAG)	<ul style="list-style-type: none"> publicly listed company with interests in education and fastener manufacturing operates in the international education sector with four schools in Sydney CBD 	<1.0%	

Source: IBISWorld Report

Note: n.a. – not available

3.4. Demand for VET

Skill shortages largely stimulate demand for VET, which directly impacts government policies to encourage education and training such as course subsidies and student financial support. Recent strong growth in demand for apprenticeships and traineeships, for example, has been attributed to government funding for expansion of these programs.⁸

Skill shortages were widespread prior to the global recession in mid to late 2008, and were evident across a range of professions and technical trades and occupations. Although there was a significant fall in demand for skilled workers over 2009, the nine months to June 2010 showed strong signs of recovery in demand for skills and shortages became more widespread.⁹ In particular, the Reserve Bank of Australia has reported skill shortages in the resource related sectors.¹⁰

Unemployment rates, which are partly driven by economic growth, have varying impacts on different aspects of the VET Industry. An increase in unemployment rates creates demand for VET as workers seek to update their skills or retrain to improve their prospects for employment. Conversely, a reduction in unemployment rates creates demand for the VET industry in relation to traineeships and apprenticeships in areas of skill shortages.

Recent economic growth has driven low unemployment rates in Australia (currently 4.9%¹¹) creating increasing pressure on the supply of skilled workers, from late 2009¹² to 2011 (refer table below).

Table 4: Real GDP Growth and Unemployment Rates in Australia

Economic Indicators	Actual 2007-08	Actual 2008-09	Actual 2009-10	Forecast 2010-11	Forecast 2011-12	Forecast 2012-13
Real GDP Growth	3.8%	1.4%	2.2%	2.7%	3.2%	3.5%
Unemployment rate	4.3%	4.9%	5.5%	4.8%	4.1%	4.4%

Source: Access Economics Business Outlook, December 2010

Over the last five years, VET industry revenue has grown at an average of 2.1% p.a.¹³ Along with low unemployment rates, one of the drivers of this growth has been an increasing number of international students, from approximately 51,000 in 2005 to approximately 208,000 in 2009¹⁴. International students have been attracted to Australian VET providers by immigration policies which favoured study in areas of skill shortages in the Australian economy which has been approaching full employment rates for some time. Demand has been particularly strong from China and India over this period.

In 2010, however, enrolment growth from international students slowed mainly due to:

- unfavourable changes to student visa requirements
- the strength of the Australian dollar which reduces the affordability of Australian based education for international students
- a reduction in the level of Indian students electing to study in Australian VET institutions mainly attributed to racial issues and perceived reductions in the quality of some RTOs.

⁸ Page 6, IBISWorld Report.

⁹ Page 7, Skill Shortages Australia, 2010.(Skills Australia article).

¹⁰ Sydney Morning Herald website 2011.

¹¹ Sydney Morning Herald website 2011.

¹² Page 9, Skills Australia article.

¹³ IBISWorld Report.

¹⁴ Australian Education Institute.

3.5. Outlook

Enrolments in VET will continue to be influenced by economic growth and the labour market. Annual GDP growth is expected to range between 2.7% and 3.5% over the forecast period and the unemployment rate is expected to remain at low levels. The forecast economic environment should create demand for traineeships and apprenticeships in areas of skills shortages but will limit the number of unemployed individuals who utilise the VET industry to up skill.

Government driven VET system reform in Australia is expected to increase competition and lead to consolidation of public institutions and a reduction in industry concentration in the short term.¹⁵ The reduced competitive position of public institutions should lead to more favourable operating conditions for private RTOs.

It is predicted that increased use of technology will lead to reduced costs in delivering VET, and provide greater facilitation of on the job training and online education.¹⁶

The funding reforms being introduced by the Federal Government pose the greatest change to the industry over the coming years. A demand-driven funding model will result in funds being directed into each student's choice of provider and course. These reforms are predicted to raise competition, as enrolments will be the key determinant of funding levels.¹⁷

International students may continue to be deterred by a high Australian dollar and strict visa requirements. Commencements by Indian students in VET courses were down by 25% in August 2010, suggesting a large contraction in this market over the coming years. Likewise, ELICOS¹⁸ figures suggest a large drop in demand as students often enrol in an English intensive course before proceeding to other study. The decline is unlikely to be limited to the Indian market, accordingly exports will contribute a smaller share of revenue over the next five years.

3.6. Philippine Regulatory Environment

VET providers in the Philippines must comply with the requirements of the Technical Education and Skills Development Authority (**TESDA**). TESDA is mandated to, among other things, integrate, coordinate and monitor skills development programs, approve skills standards and tests, and develop an accreditation system for institutions.

International students studying in the Philippines must secure a student visa pursuant to the Philippine Immigration Act of 1840 (as amended).

¹⁵ Page 22, IBISWorld Report.

¹⁶ Page 12, IBISWorld Report.

¹⁷ IBISWorld Report.

¹⁸ English Language Intensive Courses for Overseas Students.

4. Overview of CAG

4.1. Introduction

Established in September 2006, CAG is a provider of VET in Australia to both domestic and international students. CAG is currently training over 8,200 apprentices, trainees and students.

CAG has a national presence with 15 training centres located in Australia offering over 150 nationally recognised pre-employment programs, short courses, apprenticeships, traineeships, certificates and diploma programs which provide pathways into employment or further study (refer table below).¹⁹

Table 5: CAG Campus Locations

State	Campus Locations	Current Student Numbers	Student Number Capacity
New South Wales	Newcastle	0	750
	Sydney (x2)	New facilities	New facilities
Queensland	Bowen Hills	1,157	2,000
	Brendale	757	1,000
	Brisbane	348	550
	Gladstone	103	500
	Gold Coast	825	1,000
	Salisbury	1,136	1,500
	Toowoomba	307	500
	Townsville	350	1,000
South Australia	Adelaide	239	380
	Hindmarsh	53	700
Victoria	Melbourne	245	1,500
Western Australia	Perth	New facility	New facility

Source: CAG website

In addition to the student numbers represented in campuses above, CAG is training approximately 3,000 students in a workplace delivery format (on the job training). CAG has the capacity to deliver training to approximately 12,000 students under various formats.

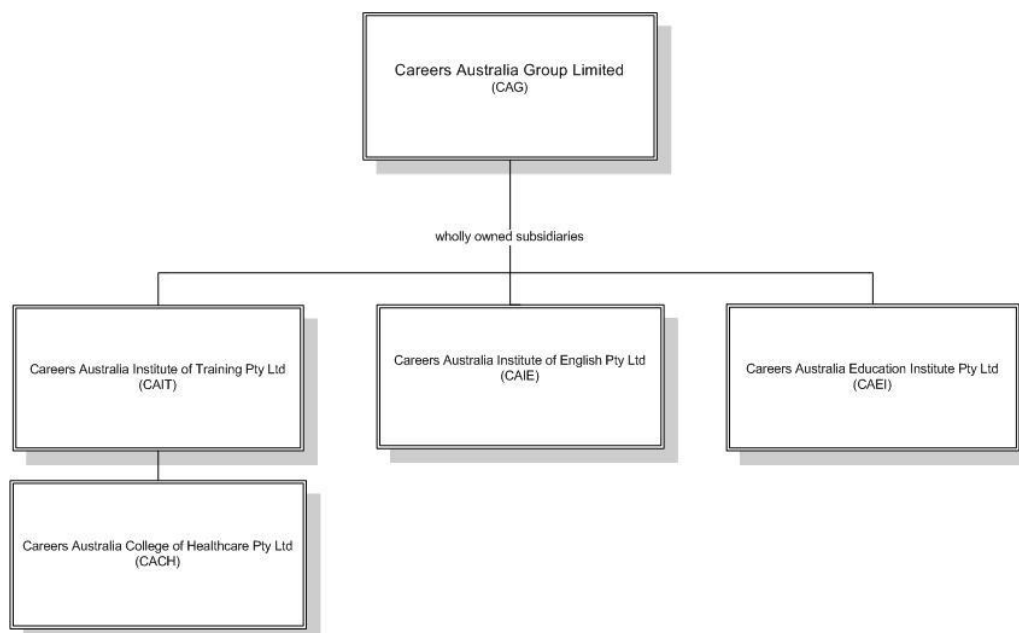
CAG's current board of directors consists of Mr Trevor Rowe (Chairman), Mr Vernon Wills, Mr Darryl Somerville, Mr Patrick Grier and Mr Patrick McKendry (Director and CEO).

¹⁹ CAG management.

4.2. Structure

CAG is an unlisted public company, comprised of four Registered Training Organisations (RTOs) in Australia, each of which cover training in specific sectors as shown below:

Figure 1: CAG corporate structure



Source: CAG management

Table 6: CAG’s operational overview

CAG Division	Training Provided	Overview / Revenue Sources
CAIT	<ul style="list-style-type: none"> Trade Construction Resources Civil Hospitality Skills 	<p>CAIT provides training in the areas of trade construction, resources, civil and hospitality across Australia. CAIT receives income through a number of sources, including:</p> <ul style="list-style-type: none"> User Choice: CAIT currently has State government funded User Choice contracts in Qld, SA, WA and NSW. Fee for service: Fee for service income is linked to several sources including the Queensland government, industry bodies and private companies.
CAIE	<ul style="list-style-type: none"> English Language Skills 	<p>CAIE provides a variety and English language skills courses to students, including the following:</p> <ul style="list-style-type: none"> Australian Migrant English Program (AMEP): CAIE has historically received income from the AMEP program, which is a federally funded program to train refugees in the basics of English in the Brisbane region. CAG’s AMEP contract will be completed in June 2011. Literacy and Numeracy: derives income from the provision of vocational literacy and numeracy programs.

CAG Division	Training Provided	Overview / Revenue Sources
CACH	<ul style="list-style-type: none"> Healthcare Skills 	<p>CACH delivers nursing and aged care diplomas to both domestic and international students in Brisbane and Adelaide.</p> <p>For domestic students, CACH has secured VET Fee Help funding from the Federal Government.</p>
CAEI	<ul style="list-style-type: none"> Healthcare Hospitality Post Trade Skills 	<p>CAEI delivers diplomas in healthcare, trade and soft skills to both domestic and international students from its newly established campus in Melbourne.</p> <p>Domestic students are entitled to funding from the Victorian Government which allows the students to receive 85% of their training free.</p>

Source: CAG management

4.3. Growth Strategy

CAG believes that the VET industry continues to experience skill shortages across a wide range of sectors. As part of its growth strategy, CAG has added more training capacity, including an additional 4,200m² training facility in Bowen Hills, Queensland, as well as new trade training facilities in Newcastle, New South Wales and in Adelaide, South Australia. CAG has also leased a five storey, 5,800m² building in Melbourne which will be used to deliver courses in healthcare, hospitality and post trade qualifications. CAG is currently operating below full capacity (36%) and has the ability to train approximately 15,000 students, primarily in Victoria, New South Wales and Western Australia.

In addition to this increased institutional based training capacity, CAG continues to grow its work-based training where it has more than 2,000 students (25% of its students) in training. To compliment this growing capacity, CAG now has contracts with every mainland State Government in Australia and continues to grow the number of national companies to which it provides training services.

From May 2011, CAG expects to offer training under a contract in Papua New Guinea. This strategy is expected to produce additional revenue in financial years 2011 and 2012.²⁰

In September 2010, the directors of CAG undertook a capital raising to provide additional working capital and to support opportunities to grow CAG. CAG's directors continue to consider further options to raise funds including listing on the ASX.

²⁰ CAG management.

4.4. CAG Share Capital and Share Price

CAG has indicated to CHCF that the company currently has 103,504,686 ordinary shares on issue. Whilst this number of shares does not currently agree with ASIC records of 100,604,686, CHCF understand that this is a result of administrative delays in updating ASIC's records. CAG's share register and options register is shown below:

Table 7: Top 20 Shareholdings and Issued Capital of CAG

Shareholder	Shareholding (Ordinary Shares)	% of Total
Beneficial Interest of Vernon Wills	30,001,786	29.0%
Talbot Group Holdings Pty Ltd	13,870,863	13.4%
Trevor C Rowe atf Salrowe Superannuation Fund	8,250,000	8.0%
Quote Holdings Pty Ltd atf Salrowe Superannuation Fund	4,800,000	4.6%
Mr Walter Terence Gilmore & Mrs Diane Sandra Gilmore	4,469,132	4.3%
Devine Superannuation Pty Ltd	3,000,000	2.9%
Fernlobe Pty Ltd atf Elder Investment Trust	2,100,000	2.0%
Darryl and Elizabeth Somerville atf The Somerfam Super Fund	2,000,000	1.9%
Samantha Kaye Stines atf The Out of Category Family Trust	1,800,000	1.7%
Ganbros Pty Ltd atf the Joseph Ganim family trust	1,400,000	1.4%
David Frederick Oakley	1,290,000	1.2%
Depofo Pty Ltd <Super A/C>	1,283,333	1.2%
Sharon McKendry	1,150,000	1.1%
JDB Services Pty Ltd <RAC Brice Invest A/C>	1,100,000	1.1%
Boussal Pty Ltd atf Johnston Super Fund Account	1,100,000	1.1%
Jiggi Investment Pty Ltd atf Graham & Co Exec Super	1,083,333	1.0%
Orbit Capital Pty Ltd	1,037,500	1.0%
Graeme Wood	1,000,000	1.0%
Subtotal of Top 20 Shareholdings	80,735,947	78.0%
All other shareholders	22,768,739	22.0%
Total Shares Issued	103,504,686	100.0%

Source: CAG management

Note: Includes rounding

Table 8: CAG options register

Option Holder	Number of Options	% of Total
Patrick McKendry	3,850,000	65.8%
Blake Gaffney	100,000	1.7%
Walter Gilmore	475,000	8.1%
Keomany Khounthavong	200,000	3.4%
Tim McGuire	100,000	1.7%
Steve Platz	475,000	8.1%
Paul Scaysbrook (the Scaysbrook Family Trust)	650,000	11.1%
Total CAG options on issue	5,850,000	100.0%

Source: CAG management

All of CAG's Options have been issued to CAG employees under CAG's Employee Share Option Plan (ESOP Options), apart from an additional 450,000 options which were issued to Mr Patrick McKendry on 12 January 2011 at an exercise price of 20 cents. The ESOP Options have two year exercise periods, are subject to performance conditions and have exercise prices of 45 cents, apart from Mr Patrick McKendry's ESOP Options which have an exercise price of 40 cents. The ESOP Options expire as follows:

- 406,667 on 30 June 2011
- 2,446,667 on 30 June 2012
- 2,546,666 on 30 June 2013.

CAG growth has been funded through a number of ordinary share issues as shown below:

Table 9: CAG recent capital raisings

Date	Number of Ordinary Shares Issued	Price per Share	Capital Raised
1 July 2008	8,400,000	\$0.25	\$2,100,000
5 September 2008	2,500,000	\$0.25	\$625,000
30 June 2009	1,200,000	\$0.20	\$240,000
1 October 2009	7,435,883	\$0.40	\$2,974,353
30 June 2010	450,000	\$0.20	\$90,000
30 September 2010	6,239,167	\$0.50	\$3,119,584
Total	26,225,050		\$9,148,937

Source: CAG management

CHCF notes that the capital raisings which occurred on 30 June 2009 and 30 June 2010 relate to the exercise of CAG Options. The frequency of equity capital raisings undertaken by CAG is indicative of the recent growth of the business and CAG's preference for equity rather than debt capital.

4.5. Financial Performance

CHCF's analysis of the financial performance of CAG is detailed in the table below, which consists of the following:

- The audited Statements of Comprehensive Income for CAG for the financial year ended 30 June 2009 (FY09) and 30 June 2010 (FY10).
- Management Profit and Loss statement for the eight month period to 28 February 2011 (YTD Feb 11).
- The forecast Profit and Loss Statement for the financial year ended 30 June 2011 (FY11).

Table 10: CAG Financial Performance

(\$'000s)	FY09 (Audited)	FY10 (Audited)	YTD Feb 11 (Unaudited)	FY11 (Forecast)
Operating Revenue	18,353	25,125	22,606	37,121
Operating Expenditure				
Materials & Consumables	(996)	(1,154)	(882)	(1,425)
Employee Benefits	(9,094)	(11,319)	(10,832)	(17,254)
Consultancy Fees	(1,028)	(1,451)	(1,094)	(1,602)
Rental	(2,091)	(3,927)	(4,678)	(6,825)
Borrowing & Finance Costs	(32)	(62)	(87)	(109)
Other Expenses	(2,409)	(2,848)	(2,136)	(3,205)
Total Expenditure	(15,649)	(20,761)	(19,709)	(30,419)
EBITDA	2,703	4,364	2,898	6,701
Depreciation & Amortisation	(551)	(1,261)	(1,192)	(1,765)
EBIT	2,152	3,103	1,706	4,936
Net Interest	(107)	(129)	(132)	(220)
NPBT	2,045	2,974	1,573	4,716
Tax	(605)	(969)	(472)	(1,415)
NPAT	1,440	2,005	1,101	3,301
Ratio Analysis				
Revenue Growth	n.a.	36.9%	n.a.	47.7%
EBITDA Growth	339.6%	61.4%	n.a.	53.6%
EBITDA Margin (%)	14.7%	17.4%	12.8%	18.1%
EBIT Growth	250.0%	44.2%	n.a.	59.1%
EBIT Margin (%)	11.7%	12.3%	7.5%	13.3%
Approximate Student Numbers	5,000	7,500	8,200	8,500
Student Number Growth (%)	56.3%	50.0%	n.m.	13.3%

Source: CAG Annual Financial Reports, CAG Management Accounts, CAG management

Notes:

1. Includes rounding
2. n.a. - not available
3. n.m. - not meaningful
4. FY09 Materials & Consumables expenses, Employee Benefits expenses, Consultancy fees and Other Expenses differs to the FY09 statutory accounts due to a difference in account allocations between FY09 and FY10; FY09 expenses are based on the FY10 allocations

CHCF has been advised by CAG management there are no material abnormal, one-off or non-business related items in CAG's historical Statements of Comprehensive Income.

4.5.1. Revenue

Student number growth has been the primary driver of revenue growth for CAG on a historical basis. Growth has largely been achieved organically, through opening additional campuses and widening the breadth of courses offered. Prospects for student number growth remain favourable, given the level of investment that CAG has made in new facilities.

Historically CAIT has contributed the largest portion of CAG's revenue, accounting for approximately 80% of revenue in FY09 and FY10. CAG's reliance on CAIT is expected to decrease as CAG diversifies its course offerings and expands into new geographical markets such as CAEI's course offering within CAG's recently established Melbourne campus.

Year to date revenue has been impacted by a reduction in User Choice revenue, which exhibits seasonality over the Christmas period and has had revenue delays due to the Queensland floods.

4.5.2. Operating Expenditure

Materials & Consumables expense primarily consists of classroom supplies, materials and office supplies. In FY09 and FY10 Materials & Consumables expense accounted for 5.4% and 4.6% of revenue, respectively and is forecast to account for 3.8% of revenue. The declining expense, as a percentage of total revenue, is expected as CAG increases revenues and exploits its economies of scale.

Employee Benefits expenditure increased by 24.5% in FY10 and is forecast to increase by a further 52.4% in FY11, a trend which is broadly consistent with the actual and forecast growth in revenue over these periods. As the number of students increase, additional trainers are required to train students and additional administrative employees are required to support training staff.

The increase in rental expense historically and for the forecast period relates to the rental of new training facilities as CAG has expanded.

4.5.3. EBIT Margin

CAG's EBIT margin improved from 11.7% in FY09 to 12.3% in FY10 and is forecast to improve to 13.3% in FY11. The improved EBIT margin is primarily attributed to gains derived from an increased utilisation of existing resources and growth in new markets which currently have significant excess capacity. The reduced EBIT margin of 7.5% for the eight month period to 28 February 2011 was directly attributable to the reduction in User Choice revenue discussed above.

4.6. Cash Flow Statements

The audited Cash Flow Statements for CAG for the financial year ended, 30 June 2009 (FY09) and 30 June 2010 (FY10) are as follows:

Table 11: CAG Cash Flow Statements

(\$'000s)	FY09 (Audited)	FY10 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	18,911	20,901
Payments to suppliers and employees	(15,249)	(16,979)
Interest received	60	30
Interest paid	(199)	(221)
Income tax paid	(109)	(231)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	3,414	3,501
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash on completion of business combinations	(524)	-
Deposits paid for bank guarantees	-	(641)
Cash taken to trust account	-	-
Purchase of PP&E and intangibles	(4,752)	(7,689)
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	(5,276)	(8,330)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans (to) / from controlled entities	-	-
Proceeds from issue of shares net of costs	2,570	3,102
Share buy back	-	-
Repayment of borrowings	(260)	(200)
Proceeds from borrowings	-	530
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	2,310	3,432
NET INCREASE/(DECREASE) IN CASH HELD	448	(1,397)
Add opening cash brought forward	539	987
CLOSING CASH CARRIED FORWARD	987	(410)

Source: CAG Annual Financial Reports, CAG Management Accounts, CAG management

Notes: Includes rounding

CHCF notes that on a cash basis, CAG produced approximately \$3.6 million of profit from operating activities excluding interest and tax paid in FY09, and \$3.9 million in FY10. These results compare to an EBITDA for CAG of approximately \$2.7 million and \$4.4 million in FY09 and FY10, respectively. The differences primarily relate to non-cash employee payments and movements in unearned income and trade receivables and payables.

CAG has also made significant investments in Property Plant and Equipment and Intangibles in FY09 and FY10 which have been funded through the issue of equity capital and the operating cash flows of the business.

4.7. Financial Position

The Statements of Financial Position for CAG as at 30 June 2010 and 31 December 2010 are summarised in the table below:

Table 12: CAG Financial Position

(\$'000s)	As at	
	30 June 2010 (Audited)	31 December 2010 (Unaudited)
ASSETS		
Current Assets		
Cash and cash equivalents	-	455
Trade and other receivables	6,593	9,107
Other current assets	774	628
Total Current Assets	7,367	10,189
Non-Current Assets		
Plant and equipment	8,894	8,559
Intangibles	9,530	10,509
Other non-current assets	641	-
Total Non-Current Assets	19,065	19,068
TOTAL ASSETS	26,432	29,257
LIABILITIES		
Current Liabilities		
Trade and other payables	5,176	2,719
Unearned Income	748	275
Tax payable	-	466
Interest Bearing Liabilities	2,306	416
Provisions	646	676
Total Current Liabilities	8,877	4,552
Non-Current Liabilities		
Interest Bearing Liabilities	349	2,551
Unearned Income	326	822
Deferred Tax Liabilities	1,203	1,203
Provisions	647	647
Total Non-Current Liabilities	2,526	5,224
TOTAL LIABILITIES	11,403	9,776
NET ASSETS	15,029	19,481

Source: CAG Annual Financial Reports, CAG Management Accounts, CAG management

Notes: Includes rounding

CHCF notes the following with regard to CAG's Statements of Financial Position:

- Trade and other receivables increased by approximately \$2.5 million from 30 June 2010 to 31 December 2010. This increase primarily relates to two major service contracts and an increase in other fees for service contracts.
- The Intangibles balance is largely represented by:
 - Goodwill of approximately of \$4.4 million, which relates to acquisitions made by CAG in FY07, FY08 and FY09.
 - Copyrights and materials of approximately \$3.5 million.
 - Licenses and registrations of approximately \$1.5 million.

The increase in balance from 30 June 2010 to 31 December 2010, primarily related to copyrights and materials.

- Other non-current assets at 30 June 2010 of \$641,000 relates to a cash backed rental security deposit. CAG refinanced during the period to 31 December 2010 and this amount was included in a bank guarantee facility and therefore is nil at 31 December 2010.
- Trade payables were high at 30 June 2010 due to cash payments required to fund the fitout of the Melbourne property and the rental security deposit discussed above. Interest bearing liabilities with Bank of Queensland were reclassified from current to non-current between 30 June 2010 and 31 December 2010 to rectify a technical covenant breach on this facility. A waiver was issued by the Bank of Queensland in relation to the breach. CAG have now refinanced with National Australia Bank.
- Current Unearned Income liability relates to fees received in advance from international students. The decrease in this balance from 30 June 2010 to 31 December 2010 resulted from a reduction in the number of international students over this period consistent with the current trend in the industry.
- Non-current Unearned Income liability relates to rent free periods, incentives, equipment and fixed percentage rent increases for the entry into the Melbourne property.

5. Overview of Site

5.1. Introduction

Site is a publicly listed company and provider of Australian VET through its Clark Education City (**Clark EC**) campus in the Philippines and Adelaide campus in Australia. Site's operations are currently at an early stage of development. The company aims to become a leading provider of integrated vocational education and workforce planning solutions to skill shortage areas.

Site comprises three operating business segments as outlined in the following table:

Table 13: Overview of Site's business

Segment	Location	Description
Clark EC	Clark Freeport Zone, Philippines	<ul style="list-style-type: none"> VET provider current and future course offerings include engineering and automotive industries, mining services, construction, hotel and restaurant management, English and aged care early stage of development currently host to 400 students
Site WorkReady	Domiciled in Australia	<ul style="list-style-type: none"> provider of workforce planning solutions currently targeting employers in the Australian resources, construction, aged care and hospitality industries early stage of development
Site Education Australia	Adelaide, Australia	<ul style="list-style-type: none"> VET provider currently offers courses in hotel and tourism in operation since 2001

Source: Bidder's Statement

Site's current board of directors consists of Mr Vernon Wills (Executive Chairman), Mr David Hutchinson (Executive Director) and Mr Nicasio Alcantara (Non-executive Director). Mr Paul Young resigned as a director of Site on 1 April 2011.

5.1.1. Clarke EC

In 2009, Site entered into a 25 year lease with a 25 year option over the former Philippine Expo site where it has invested over \$10 million on establishing its Clark EC business. The 300,000m² site has been developed as a VET campus with onsite living facilities including kitchens, restaurant and bar, dining facilities, health clinic, library, gym and recreational facilities. The campus is located within the Clark Freeport Zone and is in close proximity to Clark Airport.

Clark EC aims to provide affordable VET to international students through suitably qualified Australian teachers. Since commencing student intake in July 2010, Clark EC has trained over 200 graduates and is currently host to nearly 400 students. The facility has the capacity to cater for up to 1,300 students and the potential to increase this capacity to 15,000 students.

Clark EC attracts students through its internal sales team and through arrangements with education agents in various countries. The recruitment services provided to Site under these agency arrangements involve marketing, promotion, advertising, interviewing and information distribution in exchange for agent commissions based on the number of students successfully enrolled.

5.1.2. Site WorkReady

A subsidiary of Site, Site WorkReady is a placement company domiciled in Australia. Site WorkReady aims to provide workforce planning solutions to employers with a particular focus on skill shortage areas. Site WorkReady's target customers include medium to large companies in the healthcare, mining and construction industries who Site considers have a continual need for employees. Currently, Site is primarily targeting employers in the Australian resources, construction, aged care and hospitality industries.²¹

Site WorkReady aims to work in conjunction with Clark EC to provide students tailored courses in areas where there is employment demand. The Site WorkReady sponsored training product is designed to assist Site graduates achieve appropriate qualifications, hands on work experience, language competency and relevant cultural and workplace health and safety training required to be 'WorkReady' upon commencing with an employer.

To the extent that Site undertakes activities of an employment agent, it will need to comply with relevant legislative and governmental requirements in each jurisdiction in which it undertakes such activities. This includes activities such as the placement of Clark EC Philippines students overseas. In this regard, Site intends to work with Philippine registered and accredited placement agents to ensure compliance with Philippine law.

5.1.3. Site Education Australia

Site Education Australia (trading as Site Academy) is an Australian RTO and registered CRICOS²² provider holding both Overseas Students Tuition Assurance Scheme and Australian Tuition Assurance Scheme certifications. Site Education Australia is based in Adelaide at Hindmarsh Stadium and has been operating since March 2001. The Adelaide campus specialises in providing courses in the hotel and tourism industry.

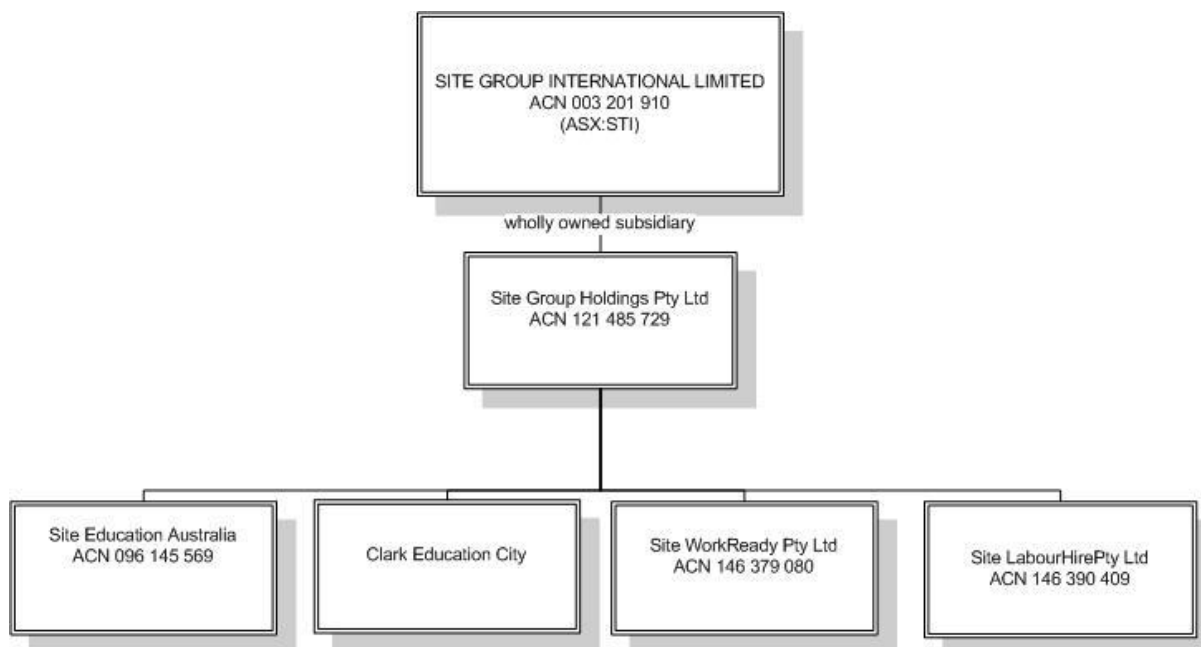
²¹ Site presentation notes, 2011.

²² Commonwealth Register of Institutions and Courses for Overseas Students.

5.2. Site Corporate Structure

Site comprises three operating businesses at various stages of development which operate out of individual subsidiaries within the Site group of companies. Site LabourHire Pty Ltd, as at October 2010, was not in operation.²³

Figure 2: Site Corporate Structure



Source: Site Prospectus

5.3. Growth Strategy

Site aims to become a leading provider of integrated vocational education and workforce planning solutions in skill shortage areas. Site's intention is to identify industries and offer courses in skill shortage areas, and establish direct relationships with employers so that courses can be tailored to meet specific company requirements.

The key elements of Site's business strategy are as follows:

- Offer high quality VET, including in Certificate II and Certificate III to diploma qualifications.
- Provision of continual learning for all students.
- Development of partnerships with organisations to assist in training delivery.
- Provision of innovative learning options, on the job training, the development of individual training plans and vocational education that responds to the needs of employers.
- Build relationships with employer groups and be recognised as a hub with a quality "WorkReady" workforce.²⁴

²³ Page 11, Site Prospectus.

²⁴ Page 19, Bidder's Statement.

Clark EC participates in the English language market of the Asia region in various forms of English teaching such as ESP,²⁵ TESOL²⁶ and ESL,²⁷ and aims to service the large emerging markets of China, Korea, Taiwan, Japan, India, Nepal and Vietnam from its central location in the Philippines.²⁸ In this regard, Site's Clark EC campus is well placed in close proximity to Clark Airport. This airport currently receives approximately 60 domestic and international flights per week and plans to expand capacity to 2.7 million passengers per annum.²⁹

Site's directors have also identified opportunities in areas such as Australia, Papua New Guinea, Africa, the Middle East and other emerging markets for students to study at Clark EC and find gainful, meaningful employment. Site intends to create corporate relationships with the goal of developing company sponsored student training at Clark EC.³⁰

Through its Site WorkReady subsidiary, Site intends to offer employers workplace planning solutions by providing tailored courses and access to appropriately skilled labour. These placement activities are restricted by the laws in each relevant jurisdiction in which it operates. Placement of Philippine workers overseas, for example, must be undertaken through a licensed/registered recruitment entity within the Philippines. In addition, under the Philippine Labour Code, Philippine nationals must own at least 75% of the outstanding capital stock of entities engaged in job recruitment and placement within the Philippines.³¹

Site revenue is currently derived from course and accommodation fees generated by Clark EC operations and will be supplemented by revenue from placements of graduates in the workforce through its Site WorkReady operations.

5.4. Site Share Capital and Share Price

As at 17 March 2011, Site had the following securities on issue:

- 134,035,101 Site Shares
- 8,835,000 Site Options.

The Site Options are exercisable as follows:

Table 14: Site's Options

Number of Options	Exercise Price	Vesting Date	Expiry Date
720,000	\$0.20	31 May 2011	30 June 2011
720,000	\$0.25	31 May 2012	30 June 2012
720,000	\$0.30	31 May 2013	30 June 2013
3,675,000	\$0.25	10 December 2010	10 December 2013
2,000,000	\$0.25	10 December 2010	10 December 2013
1,000,000	\$0.25	10 December 2010	10 December 2013

Source: Bidder's Statement

The following Site's securities are currently subject to escrow restrictions as a result of the Site's acquisition of Lazco Limited in December 2010:

²⁵ English for Specific Purposes.

²⁶ Teachers of English to Speakers of Other Languages.

²⁷ English as a Second Language.

²⁸ Page 16, Bidder's Statement.

²⁹ Page 17, Bidder's Statement.

³⁰ Page 16, Bidder's Statement.

³¹ Page 18, Bidder's Statement.

Table 15: Site's securities in escrow

Class	Number	Release Date
Site Shares	500,000	19 June 2011
Site Shares	40,700,000	16 December 2012
Site Options	2,000,000	14 September 2011
Site Options	1,710,000	5 October 2011
Site Options	1,660,000	11 October 2011
Site Options	3,465,000	16 December 2012

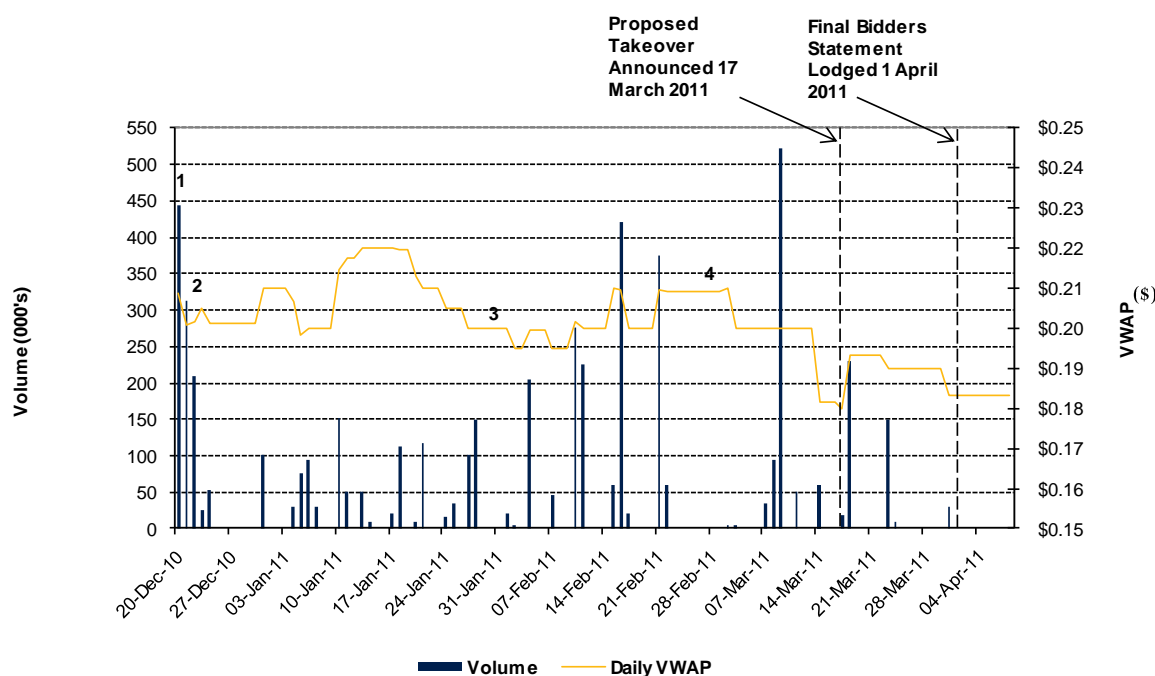
Source: Bidder's Statement

The significant number of Site's securities that are escrowed may impact on liquidity and adversely affect the market price of Site Shares. Additionally, if securities are sold following their release it could adversely impact the market price of Site Shares.

5.5. Share Price Trading History

CHCF has noted the recent share price trading history of Site by reviewing the daily volume weighted average share price (VWAP) of the Site Shares trading on the ASX.

The graph below illustrates the daily Site VWAP and volume for the period since Site were readmitted to official quotation on the ASX (on 20 December 2010), prior to the date of the announcement of the Takeover Offer, and trading post the Takeover Offer to 8 April 2011, together with reference points of when Site made significant announcements to the ASX.

Figure 3: Daily VWAP and Volume for the period to 8 April 2011

Source: Capital IQ

Note: Numbers 1 to 4 on the graph represent the dates of ASX announcements

The following significant announcements were made over the period prior to the announcement of the Takeover Offer:

Table 16: Site significant announcements

Chart Ref	Date	Announcements
1	20/12/2010	Memorandum of understanding signed with Crew Skills International (CSI) for Site and CSI to collaborate on initially recruiting, training and deploying up to 1,000 short term student to work on cruise ships during 2011.
2	22/12/2010	Memorandum of understanding signed with Shore-Based Philippines Inc (SPPI) for SPPI to provide experienced workers and students to Site's Clark Education City and to facilitate the placement of graduates.
3	31/01/2011	Quarterly report lodged.
4	28/02/2011	Half year accounts lodged.

Source: ASX website

CHCF notes the following with regard to the VWAP analysis:

- Site Shares traded within a VWAP range between 18 cents to 22 cents during the period prior to the announcement of the Takeover Offer.
- The largest volumes traded over the period prior to the announcement of the Takeover Offer were:
 - On 20 and 21 December 2010, 445,000 and 312,000 shares were traded, respectively, which coincided with the announcement of the signed Memorandum of Understanding with Crew Skills International.
 - Further significant volumes of 422,000 shares, 375,070 shares and 521,500 shares were traded on 16 February 2011, 21 February 2011 and 09 March 2011 respectively, however these significant volumes did not appear to coincide with any significant announcements.

The table below summarises the VWAP and liquidity of Site Shares over various look back periods prior to 17 March 2011 for the purposes of this Report.

Table 17: VWAP prior to and post the Takeover Offer

ASX Trading Days	VWAP	Volume ('000s)	Value (\$'000s)	Volume Traded %	Volume Traded % (excluding escrow shares)
5 days	\$0.19	110	21	0.1%	0.1%
10 days	\$0.20	767	152	0.6%	0.8%
30 days	\$0.20	2,457	499	1.8%	2.6%
59 days	\$0.20	4,667	957	3.5%	5.0%
Post Takeover Offer	\$0.19	439	84	0.3%	0.5%

Source: Capital IQ April 2011

Notes:

1. Includes rounding
2. Volume traded % - volume traded divided by total number of shares issued
3. Volume traded % (excluding escrow shares) - volume traded divided by total number of shares issued, less shares held in escrow

The table above shows that the VWAP over the various look back periods selected has consistently been around 20 cents. Approximately 3.5% of Site's shares were traded over the 59 days prior to 17 March 2011 for a dollar value of approximately \$957,000, indicating ASX trading in Site Shares over this period was reasonably illiquid.

5.6. Financial Performance

CHCF's analysis of the financial performance of Site is detailed in the table below and consists of:

- Reviewed Statements of Comprehensive Income for the Half Years to 31 December 2009 (HY Dec 09) and 31 December 2010 (HY Dec 10).
- The audited Statement of Comprehensive Income for the Financial Year to 30 June 2010 (FY10).

Table 18: Site Financial Performance

(\$'000s)	HY Dec 09 (Reviewed)	FY10 (Audited)	HY Dec 10 (Reviewed)
Revenue	293	346	515
Cost of Goods Sold	(30)	(444)	(391)
Gross Profit	263	(97)	124
Operating Expenditure	(1,176)	(3,494)	(3,897)
Other Income/(Expenses)	347	346	(1,166)
EBITDA	(565)	(3,245)	(4,940)
Depreciation and Amortisation	-	(101)	(219)
EBIT	(565)	(3,346)	(5,158)
Net Interest	(5)	14	(9)
NPBT	(571)	(3,332)	(5,167)
Tax	(0)	(1)	(2)
NPAT	(571)	(3,333)	(5,169)

Source: Site Prospectus & Half Year Financial Report 31 December 2010

Note: The FY10 Statement of Comprehensive Income above includes a contribution from Lazco Limited

With respect to the above Statements of Comprehensive Income the following is noted:

- In each of the periods examined above, Site has been unprofitable which is consistent with the operations of a business in a start-up stage. Further, Site's current cost structure has capacity for significantly more students than it currently hosts at its training facilities. At present Site hosts approximately 400 students at its Clarke EC facility, however has the capacity to cater for up to 1,300 students and the potential to increase this capacity to 15,000 students.
- As a result of its operations in the Philippines, Site's business is affected by various Australian dollar exchange rate movements. Site does not currently have foreign currency or hedging arrangements in place and therefore records significant revenue and expenses relating to favourable and unfavourable foreign currency movements. These movements are shown in Other Income/(Expenses).

5.7. Cash Flow Statements

CHCF's analysis of the historical cash flow statements of Site is detailed in the table below and consists of:

- Reviewed Cash Flow Statements for the Half Years to 31 December 2009 (HY Dec 09) and 2010 (HY Dec 10).
- The audited Cash Flow Statements for the Financial Year to 30 June 2010 (FY10).

Table 19: Site Cash Flow Statements

(\$'000s)	HY Dec 09 (Reviewed)	FY10 (Audited)	HY Dec 10 (Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	278	243	1,039
Payments to suppliers and employees	(1,034)	(3,584)	(2,343)
Borrowing Costs & Interest Paid	(5)	(4)	(9)
Interest Received	-	-	9
Income tax paid	(0)	0	(5)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	(761)	(3,345)	(1,309)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of PP&E	(2,567)	(5,346)	(322)
Cash received on acquisition of a subsidiary	-	-	670
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	(2,567)	(5,346)	348
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	4,800	8,420	6,675
Proceeds from borrowings	-	-	-
Repayment of finance lease liabilities	-	(23)	-
Transactions costs on issue of shares	-	-	(70)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	4,800	8,397	6,605
NET INCREASE/(DECREASE) IN CASH HELD	1,471	(293)	5,644
Net foreign exchange differences	-	346	(1,166)
Cash at the beginning of the financial year	2	2	55
CLOSING CASH AT THE END OF THE PERIOD	1,474	55	4,533

Source: Site Prospectus 2010 & Half Year Report 31 December 2010

Note: The FY10 Cash Flow Statement above includes a contribution from Lazco Limited

CHCF notes that in all periods examined above, Site's investing activities and operating losses have been funded by proceeds from the issue of shares.

5.8. Financial Position

CHCF's analysis of the Financial Position of Site is detailed in the table below, which consists of:

- Reviewed Statement of Financial Position for the Half Year to 31 December 2010 (HY Dec 10).
- The audited Statement of Financial Position for the Financial Year to 30 June 2010 (FY10).

Table 20: Site Financial Position

(\$'000s)	As at	
	30 June 2010 (Audited)	31 December 2010 (Reviewed)
ASSETS		
Current Assets		
Cash and cash equivalents	55	4,533
Trade and other receivables	127	42
Other current assets	170	254
Total Current Assets	352	4,828
Non-Current Assets		
Property, Plant and equipment	5,310	4,888
Intangibles	166	166
Other non-current assets	503	136
Total Non-Current Assets	5,980	5,191
TOTAL ASSETS	6,332	10,019
LIABILITIES		
Current Liabilities		
Trade and other payables	1,344	1,512
Provisions	88	53
Tax payable	1	73
Total Current Liabilities	1,432	1,637
Non-Current Liabilities		
Provisions	5	8
Total Non-Current Liabilities	5	8
TOTAL LIABILITIES	1,437	1,646
NET ASSETS	4,896	8,373

Source: Site Prospectus 2010 & Half Year Report 31 December 2010

CHCF notes the following with regard to the Site's Statements of Financial Position:

- The net asset position of Site increased significantly over the observed periods, which is largely attributable to the movement in Cash and cash equivalents. During this period Site raised approximately \$6.7 million in issued capital.
- Property, Plant and Equipment is the largest asset held by Site as measured by book value. At 30 June 2010 Buildings and leasehold improvement accounted for the largest proportion of this balance.

6. Overview of Merge Co

6.1. Operations

Site intends to combine CAG and Site's existing operations to form Merge Co, which will be managed centrally through offices in Brisbane. Site does not intend to make any significant changes to the business activities of CAG or the deployments of CAG's assets. Site's current intention is to continue the employment of CAG's present employees. Site intends to amend the constitution of CAG to reflect its status as a wholly-owned subsidiary of Site.³²

6.2. Capital Raising

In conjunction with the Takeover Offer, Site intends to seek to raise up to \$20 million from the issue of new Site Shares to fund the working capital requirements of Merge Co.³³

6.3. Board of Directors

Site intends to invite Mr Patrick McKendry to join the Board as an executive director and Chief Executive Officer of Merge Co. Site will also seek to retain other key members of the CAG executive management team and board. In CHCF's opinion this statement is unclear and only makes specific mention of Mr Patrick McKendry joining the Merge Co board. Based on the information in the Bidder's Statement, the board of Merge Co may be comprised of Mr Vernon Wills, Mr David Hutchison, Mr Nicasio Alcantara and Mr Patrick McKendry.³⁴

6.4. Pro forma Merge Co Financial Statements

CHCF has prepared pro forma historical financial statements (statement of financial position and statement of comprehensive income extract), to provide CAG Shareholders with an indication of the financial performance and net asset position of a combined entity. CHCF has prepared these statements under three scenarios:

- **Scenario 1:** Acceptance of the Takeover Offer by **100%** of CAG Shareholders. Under this scenario it is assumed that CAG, as a controlled entity of Site, will be consolidated into Merge Co's financial statements.
- **Scenario 2:** Acceptance of the Takeover Offer by **50%** of CAG Shareholders. Under this scenario it is assumed that CAG, as a controlled entity of Site, will be consolidated into Merge Co's financial statements.
- **Scenario 3:** Acceptance of the Takeover Offer by **20%** of CAG Shareholders. Under this scenario, it is assumed that CAG would be treated as an equity accounted investment in an associate, by Site.

CHCF has not applied a purchase price allocation in the relation to the proposed Takeover Offer to the pro forma financial statements, in accordance with the AASB 3.³⁵

³² Bidder's Statement.

³³ Bidder's Statement.

³⁴ Bidder's Statement.

³⁵ Australian Accounting Standards Board, Accounting Standard no. 3.

6.5. Pro forma Merge Co Financial Performance

CHCF's pro forma Financial Performance for the six month period ended 31 December 2010, under Scenarios 1, 2 and 3, are as follows:

Table 21: Merge Co pro forma Financial Performance – Scenario 1 (100%)

(\$'000s)	Site (Reviewed)	CAG (Unaudited)	Merge Co (Pro forma)
Revenue	515	17,145	17,660
Operating Expenditure	(391)	(4,832)	(5,223)
Gross Profit	124	12,313	12,437
Operating Expenditure	(3,897)	(9,537)	(13,434)
Other Income / (Expenses)	(1,166)	-	(1,166)
EBITDA	(4,940)	2,776	(2,163)
Depreciation & Amortisation	(219)	(858)	(1,077)
EBIT	(5,158)	1,918	(3,240)
Net Interest	(9)	(119)	(128)
NPBT	(5,167)	1,799	(3,368)
Tax	(2)	(540)	(542)
NPAT	(5,169)	1,259	(3,910)

Source: Bidder's Statement, CAG Management Accounts, CHCF analysis
Note: Includes rounding

Table 22: Merge Co pro forma Financial Performance – Scenario 2 (50%)

(\$'000s)	Site (Reviewed)	CAG (Unaudited)	Pro forma adjustments	Merge Co (Pro forma)
Revenue	515	17,145	-	17,660
Operating Expenditure	(391)	(4,832)	-	(5,223)
Gross Profit	124	12,313	-	12,437
Operating Expenditure	(3,897)	(9,537)	-	(13,434)
Other Income / (Expenses)	(1,166)	-	-	(1,166)
EBITDA	(4,940)	2,776	-	(2,163)
Depreciation & Amortisation	(219)	(858)	-	(1,077)
EBIT	(5,158)	1,918	-	(3,240)
Net Interest	(9)	(119)	-	(128)
NPBT	(5,167)	1,799	-	(3,368)
Tax	(2)	(540)	-	(542)
NPAT	(5,169)	1,259	-	(3,910)
Non controlling interest	-	-	(630)	(630)
Parent share of NPAT	(5,169)	(5,169)	-	(4,540)

Source: Bidder's Statement, CAG Management Accounts, CHCF analysis
Note: Includes rounding

Table 23: Merge Co pro forma Financial Performance – Scenario 3 (20%)

(\$'000s)	Site (Reviewed)	Pro forma adjustments	Site (Pro forma)
Revenue	515	-	515
Operating Expenditure	(391)	-	(391)
Gross Profit	124	-	124
Operating Expenditure	(3,897)	-	(3,897)
Other Income / (Expenses)	(1,166)	252	(914)
EBITDA	(4,940)	252	(4,687)
Depreciation & Amortisation	(219)	-	(219)
EBIT	(5,158)	252	(4,906)
Net Interest	(9)	-	(9)
NPBT	(5,167)	252	(4,915)
Tax	(2)	-	(2)
NPAT	(5,169)	252	(4,917)

Source: Bidder's Statement, CAG Management Accounts, CHCF analysis

Note: Includes rounding

6.6. Pro forma Merge Co Financial Position

CHCF's pro forma financial position as at 31 December 2010, under Scenarios 1, 2 and 3, are as follows:

Table 24: Merge Co pro forma Financial Position – Scenario 1 (100%)

(\$'000s)	As at 31 December 2010		
	Site	CAG	Merge Co Pro forma
ASSETS			
Current Assets			
Cash and cash equivalents	4,533	455	4,987
Trade and other receivables	42	9,107	9,148
Other current assets	254	628	882
Total Current Assets	4,828	10,189	15,018
Non-Current Assets			
Plant and equipment	4,888	8,559	13,447
Intangibles	166	10,509	10,676
Other non-current assets	136	-	136
Total Non-Current Assets	5,191	19,068	24,259
TOTAL ASSETS	10,019	29,257	39,276
LIABILITIES			
Current Liabilities			
Trade and other payables	1,512	2,719	4,231
Unearned Income	-	275	275
Tax payable	73	466	538
Interest Bearing Liabilities	0	416	416
Provisions	53	676	729
Total Current Liabilities	1,637	4,552	6,190
Non-Current Liabilities			
Interest Bearing Liabilities	-	2,551	2,551
Unearned Income	-	822	822
Deferred Tax Liabilities	-	1,203	1,203
Provisions	8	647	655
Total Non-Current Liabilities	8	5,224	5,232
TOTAL LIABILITIES	1,646	9,776	11,422
NET ASSETS	8,373	19,481	27,854
EQUITY			
Contributed Equity	16,588	14,428	31,016
Reserves	602	432	1,033
Accumulated Profits / (Losses)	(8,816)	4,621	(4,195)
TOTAL EQUITY	8,373	19,481	27,854

Source: Bidder's Statement, CAG Management Accounts

Note: Includes rounding

Table 25: Merge Co pro forma Financial Position – Scenario 2 (50%)

(\$000s)	As at 31 December 2010			
	Site	CAG	Pro forma adjustments	Merge Co Pro forma
ASSETS				
Current Assets				
Cash and cash equivalents	4,533	455	-	4,987
Trade and other receivables	42	9,107	-	9,148
Other current assets	254	628	-	882
Total Current Assets	4,828	10,189	-	15,018
Non-Current Assets				
Plant and equipment	4,888	8,559	-	13,447
Intangibles	166	10,509	-	10,676
Other non-current assets	136	-	-	136
Total Non-Current Assets	5,191	19,068	-	24,259
TOTAL ASSETS	10,019	29,257	-	39,276
LIABILITIES				
Current Liabilities				
Trade and other payables	1,512	2,719	-	4,231
Unearned Income	-	275	-	275
Tax payable	73	466	-	538
Interest Bearing Liabilities	-	416	-	416
Provisions	53	676	-	729
Total Current Liabilities	1,637	4,552	-	6,190
Non-Current Liabilities				
Interest Bearing Liabilities	-	2,551	-	2,551
Unearned Income	-	822	-	822
Deferred Tax Liabilities	-	1,203	-	1,203
Provisions	8	647	-	655
Total Non-Current Liabilities	8	5,224	-	5,232
TOTAL LIABILITIES	1,646	9,776	-	11,422
NET ASSETS	8,373	19,481	-	27,854
EQUITY				
Contributed Equity	16,588	14,428	(7,214)	23,802
Reserves	602	432	(216)	817
Accumulated Profits / (Losses)	(8,816)	4,621	(2,311)	(6,506)
PARENT INTEREST	8,373	19,481	(9,741)	18,114
NON-CONTROLLING INTEREST	-	-	9,741	9,741
TOTAL EQUITY	8,373	19,481		27,854

Source: Bidder's Statement, CAG Management Accounts, CHCF analysis

Note: Includes rounding

Table 26: Merge Co pro forma Financial Position – Scenario 3 (20%)

(\$'000s)	As at 31 December 2010		
	Site	Pro forma adjustment	Site Pro forma
ASSETS			
Current Assets			
Cash and cash equivalents	4,533	-	4,533
Trade and other receivables	42	-	42
Other current assets	254	-	254
Total Current Assets	4,828	-	4,828
Non-Current Assets			
Investment in Associate	-	14,491	14,491
Plant and equipment	4,888	-	4,888
Intangibles	166	-	166
Other non-current assets	136	-	136
Total Non-Current Assets	5,191	14,491	19,681
TOTAL ASSETS	10,019	14,491	24,509
LIABILITIES			
Current Liabilities			
Trade and other payables	1,512	-	1,512
Unearned Income	-	-	-
Tax payable	73	-	73
Interest Bearing Liabilities	-	-	-
Provisions	53	-	53
Total Current Liabilities	1,637	-	1,637
Non-Current Liabilities			
Interest Bearing Liabilities	-	-	-
Unearned Income	-	-	-
Deferred Tax Liabilities	-	-	-
Provisions	8	-	8
Total Non-Current Liabilities	8	-	8
TOTAL LIABILITIES	1,646	-	1,646
NET ASSETS	8,373	14,491	22,864
EQUITY			
Contributed Equity	16,588	14,491	31,079
Reserves	602	-	602
Accumulated Profits / (Losses)	(8,816)	-	(8,816)
TOTAL EQUITY	8,373	14,491	22,864

Source: Bidder's Statement, CAG Management Accounts, CHCF analysis
Note: Includes rounding

6.7. Merge Co Shareholder Register

The composition of Merge Co's shareholder register, assuming 100% acceptance of the Takeover Offer, is as follows:

Table 27: Shareholdings in CAG and Merge Co pre and post the Takeover Offer – Scenario 1

Shareholder	CAG (Pre Takeover)		Merge Co (Post Takeover)	
	Shareholding (Ordinary Shares)	% of Total	Shareholding (Ordinary Shares)	% of Total
Mr Vernon Wills and associates (Wills)	30,001,786	29.0%	147,711,251	29.8%
Talbot Group Holdings Pty Ltd (Talbot)	13,870,863	13.4%	92,719,142	18.7%
Other Site shareholders	n.a.	n.a.	47,158,980	9.5%
Other CAG shareholders	59,632,037	57.6%	208,992,130	42.1%
Total Shares Issued	103,504,686	100.0%	496,301,502	100.0%

Source: CHCF analysis

Note:

1. n.a. – not available
2. Includes rounding

7. Valuation of CAG & Site

7.1. Methodology

RG 111 outlines the appropriate methodologies that a valuer should consider when valuing assets or securities for the purposes of share buy-backs, selective capital reductions, schemes of arrangement, takeovers and other transactions. These methodologies include the following:

- The discounted cash flow methodology (**DCF Approach**).
- The application of earnings multiples appropriate to the businesses or industries in which the company or its profit centres are engaged, to the estimated future maintainable earnings or cash flows of the company, added to the estimated realisable value of any surplus assets (**CFME Approach**).
- The amount that would be available for distribution to shareholders in an orderly realisation of assets (**Net Assets Approach**).
- The quoted price of listed securities, when there is a liquid and active market and allowing for the fact that the quoted market price may not reflect their value on a 100% controlling interest basis (**Market Approach**).
- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets (**Recent Offers Approach**).

A more detailed overview of valuation methods is provided in the Appendices.

7.1.1. Adopted Methodology for Site

CHCF has adopted the Market Approach as the primary method for estimating the fair market value of Site on a minority basis with the main focus on the recent share issues by Site, given the share price trading history indicates the share trading is illiquid.

CHCF has also used the Net Assets Approach as a cross check. However, this provides limited guidance given Site's stage of development, and the nature of Site's business being primarily a services business with a low level of tangible assets in comparison to intangible assets.

Other valuation methodologies were not selected for the following reasons:

- Site is effectively a "start-up" with limited revenue and trading history. The preferred methodology for such a business is the DCF Approach, however as there are no available reliable forecasts for Site this approach has not been selected.
- Site is currently loss making and therefore the CFME Approach is not applicable.
- CHCF is not aware of any recent offers for Site therefore the Recent Offers Approach is not applicable.

7.1.2. Adopted Methodology for CAG

CHCF has adopted the CFME Approach as the primary method for estimating the fair market value of CAG on a minority basis as CAG has a history of profits.

The Recent Offers Approach has also been used as a cross check, however the recent offers are at a preliminary stage and are confidential and therefore CHCF has not relied on these as its primary approach.

Other valuation methodologies were not selected for the following reasons:

- CAG is in the growth stage of its development with high revenue and earnings growth. The preferred methodology for such businesses is the DCF Approach. However, as there are no available reliable forecasts for CAG beyond FY11, CHCF has not selected the DCF Approach.

- CAG is not listed on the ASX and therefore there is no trading of CAG Shares, however CHCF has had regard to the implied multiples from CAG's recent capital raisings in assessing the multiple to be applied to CAG's future maintainable earnings under its primary approach.
- The Net Assets Approach has not been selected given the nature of CAG's business which is primarily a services business with a low level of tangible assets in comparison to its intangible assets.

7.2. Valuation of CAG

CHCF has adopted the CFME Approach as the primary method in making an assessment of the fair market value of CAG on a minority basis. The assessed fair market value has also been cross checked with the Recent Offers Approach.

7.2.1. Future Maintainable Earnings

The CFME method involves an assessment of the Future Maintainable Earnings (**FME**) of the business. CHCF has selected Earnings Before Interest and Taxation (**EBIT**) as the appropriate earnings to apply a capitalisation rate (or multiple) for CAG. In selecting the capitalisation of EBIT as the primary methodology, CHCF has had regard to the fact that EBIT is not distorted by the effects of different gearing levels or taxation positions of comparable companies.

In arriving at an FME for CAG, CHCF have been conscious of the growth CAG has historically achieved and is forecasting. CHCF has selected the FY2011 forecast EBIT of \$4.9 million as the FME for CAG.

7.2.2. Trading Multiples

In determining an appropriate capitalisation rate to apply to CAG, CHCF has considered share market trading multiples of companies whose operations are comparable to CAG. The trading multiples are as follows:

Table 28: Industry Trading Multiples

Company	Market Capitalisation (\$M)	Enterprise Value (\$M)	EBIT Multiple FY10 Historical	EBIT Multiple FY11 Forecast
Education				
Seek Limited (Seek)	2,252	2,483	23.1 x	18.6 x
Navitas Limited (Navitas)	1,596	1,462	16.2 x	13.8 x
Academies Australasia Group Limited (AAG)	22	19	7.8 x	n.a.
Median - Education			16.2 x	16.2 x
Recruitment				
Skilled Group Limited	468	649	16.7 x	12.0 x
Chandler Macleod Group Ltd.	259	287	17.0 x	10.2 x
Talent2 International Ltd.	236	246	21.1 x	12.8 x
Clarius Group Limited	61	63	12.3 x	7.9 x
Ambition Group Ltd.	20	14	4.8 x	4.1 x
Median - Recruitment			16.7 x	10.2 x

Source: Capital IQ

Notes:

1. EBIT Multiple FY11 Forecast is measured using the most recent consensus forecast
2. Data as at 1 April 2011

The following is noted with regard to the industry trading multiples:

- Although the education companies are comparable to CAG in terms of their operations, the market capitalisations of Seek and Navitas are significantly larger than CAG.
- In particular, it is noted that Seek's total earnings is largely generated from its employment business, with only a small proportion generated from its education business.
- AAG consists of a fasteners business and an education business. AAG's education business generated approximately \$10 million in revenue in the 2010 financial year and is therefore a significantly smaller operation when compared to CAG.
- The recruitment businesses have some similarities to CAG in terms of business operations and risks. However, the majority of these recruitment businesses are significantly larger than CAG.
- These recruitment businesses have also experienced difficult trading conditions over the last two years resulting in reduced earnings. Such volatility in earnings impacts on the implied multiples and results in multiples which are less reliable when making comparisons with CAG.

A detailed overview of the comparable companies considered is provided in the Appendices.

7.2.3. Transaction Multiples

With only a limited number of transactions within the Australian education services and recruitment industries providing implied transaction multiples, CHCF broadened the types of transactions considered to include those in the international education services industry. Further details on the implied transaction multiples can be found in the Appendices.

With regard to the transactions considered, the following is noted:

- All implied multiples reported are control multiples.
- The only recent domestic transaction identified was the acquisition of Ross Human Directions Ltd, a human resource service provider, by Chandler Macleod Group Ltd. The implied historical EBIT transaction multiple for the transaction was 6.9x EBIT.
- Historical EBIT transaction multiples ranged from 6.9x to 58.6x with a median of 13.8x.
- Historical EBIT transaction multiples, excluding outlier transactions, ranged from 7.9x to 22.2x.
- All of the considered transactions in the education services industry related to the sale of foreign companies. CHCF notes that the multiples for transactions which occurred in overseas markets will be influenced by local market conditions prevailing at the time, both in terms of the industry and capital markets.

CHCF notes that the all the education services industry transactions considered involved the sale of foreign companies, with the only domestic transaction identified being for the sale of a company in the recruitment industry. CHCF has therefore placed less reliance on the transaction multiples when arriving at the adopted EBIT multiples.

7.2.4. CAG Capital Raisings

CAG is not listed on a securities exchange and its shares are not traded on a regular basis, however the company has conducted a number of equity raisings through the issue of ordinary shares in its recent history. CHCF notes that the capital raising prices are reflective of minority interests in CAG. The details of recent capital raisings CAG and the implied historical EBIT multiple are as follows:

Table 29: CAG recent capital raisings

Date	Shares Issued ('000s)	Price per Share	Capital Raised (\$'000s)	Implied Historical EBIT Multiple	Implied Forecast EBIT Multiple
1 July 2008	8,400	\$ 0.25	2,100	31.6	8.9
5 September 2008	2,500	\$0.25	625	35.8	10.1
30 June 2009	1,200	\$ 0.20	240	8.9	6.3
1 October 2009	7,435	\$0.40	2,974	18.6	13.1
30 June 2010	450	\$0.20	90	7.1	4.5
30 September 2010	6,239	\$ 0.50	3,120	17.5	11.0

Source: CAG management, CHCF analysis

Notes: Includes rounding

The following is noted with regard to the recent capital raisings of CAG:

- CHCF considers the capital raisings on 1 October 2009 and 30 September 2010 of around \$3 million as the most relevant given the amount raised and their relatively recent occurrence.
- The 30 June 2009 and 2010 transactions relate to the exercising of options which were issued in October 2008 with an exercise price of 20 cents.

7.2.5. Adopted EBIT Multiples

In addition to the above analysis, the following points were considered when arriving at the adopted EBIT multiple for CAG:

- The FY11 forecast is part historical (based on 8 months of actual results to 28 February 2011).
- The CAG business has strong growth in the FY11 forecast and the actual results to 28 February 2011 are broadly in line with their budget.
- The implied multiples from the CAG capital raisings are the more comparable multiples to apply given they relate to CAG.

The following table includes the range of EBIT multiples CHCF has chosen to adopt based on its analysis:

Table 30: Adopted CAG EBIT Multiples

Company	Low	Medium	High
CAG	12.25x	13.00x	13.75x

Source: CHCF analysis

7.2.6. Valuation Summary

The enterprise value of CAG has been calculated, on a minority basis, by applying the adopted EBIT multiples to the forecast FY11 EBIT. To calculate the equity value, the net debt has been deducted as follows:

Table 31: CAG Valuation Summary

(\$'000s)	Reference (Report Section)	Low Value	Mid Value	High Value
Forecast FY11 EBIT	Section 4.5	4,936	4,936	4,936
EBIT Multiple	Section 7.2.5	12.25x	13.00x	13.75x
Enterprise Value	-	60,466	64,168	67,870
Less: Net Debt	Section 4.7	(2,512)	(2,512)	(2,512)
Equity Value	-	57,954	61,656	65,358
Equity Value per Share (undiluted)	-	\$0.56	\$0.60	\$0.63
Equity Value per Share (fully diluted)	-	\$0.53	\$0.56	\$0.60

Source: CHCF analysis

Notes: Calculation is on a minority basis

The following is noted in respect of the above table:

- Net debt is the total interest bearing liabilities as at 31 December 2010 (\$2,551,000 + \$416,000) less cash of \$455,000.
- The fully diluted equity value assumes all the options (5,850,000) are exercised.

7.3. Cross Check using Recent Offers Approach

Prior to the Takeover Offer, CAG has considered listing on the ASX through an Initial Public Offer (IPO). CAG has also recently received a number of alternative offers seeking to acquire an equity interest in CAG. Although CHCF is unable to disclose confidential information in relation to the IPO and the alternative offers, CHCF notes the following:

- Two preliminary offers have been received by CAG to acquire equity in CAG, including the provision of \$15 million in capital to fund future growth.
- The offers are conditional and non-binding.
- The offers are broadly consistent with CHCF's valuation range.
- Indicative pricing for the IPO was 65 cents to 75 cents per share.
- The IPO is in its early stage, with no broker appointed, no underwriting agreement and no testing of pricing to the market.

CHCF is of the opinion that the above alternative offers are consistent with CHCF's fair market valuation range for CAG. However, these offers are in their preliminary stages only and therefore CHCF is unable to adopt the Recent Offers Approach as the primary method in assessing the fair market value of CAG.

7.4. Valuation of Site

CHCF has used the Market Approach to estimate the fair market value of Site on a minority basis. Site Share trading is illiquid and therefore the Report has placed limited reliance on the trading of Site Shares. Reliance has, however, been placed on the following share issues:

Table 32: Site Share Issues

Date	Description	No. of shares ('000s)	Value (\$'000s)	Price per share
31 July 2009	Initial Seed Shares – shares issued to an initial seed investor.	32,000	4,800	\$0.15
3 March 2010	Option Exercise Shares – exercise of options (originally issued on 20 June 2009).	2,000	300	\$0.15
30 July 2010	Debt Conversion Shares – conversion of debt to equity for founding shareholders and the initial seed investor.	18,221	3,644	\$0.20
6 October 2010	Further Debt Conversion Shares – shares issued to nominees of a founding shareholder for conversion of debts.	267	53	\$0.20
11 October 2010	Further Seed Shares – shares issued to further seed investors.	8,375	1,675	\$0.20
16 December 2010	Lazco Ltd acquisition – shares issued for the reverse acquisition of Lazco Ltd.	7,472	1,494	\$0.20
16 December 2010	Prospectus – public offer shares issued for cash.	25,000	5,000	\$0.20
16 December 2010	Advisor fees – shares issued for the advisory fees in relation to the issuance of the public offer shares and acquisition of Site Group Holdings Pty Ltd by Lazco Ltd.	700	140	\$0.20

Source: Site Half Year Financial Report 31 December 2010

The above table shows that since July 2010 approximately 60 million shares totalling over \$12 million were issued at 20 cents, including \$5 million through a public offer in December 2010.

CHCF has also reviewed trading of Site Shares since listing on the ASX in December 2010. The table below summarises the VWAP and liquidity of Site Shares over various look back periods prior to, and also post, the Takeover Offer on 17 March 2011:

Table 33: VWAP prior to and post the Takeover Offer

ASX Trading Days	VWAP	Volume ('000s)	Value (\$'000s)	Volume Traded %	Volume Traded % (excluding escrow shares)
5 days	\$0.19	110	21	0.1%	0.1%
10 days	\$0.20	767	152	0.6%	0.8%
30 days	\$0.20	2,457	499	1.8%	2.6%
59 days	\$0.20	4,667	957	3.5%	5.0%
Post Takeover Offer	\$0.19	439	84	0.3%	0.5%

Source: Capital IQ

Notes:

1. Includes rounding
2. Volume traded % - volume traded divided by total number of shares issued
3. Volume traded % (excluding escrow shares) - volume traded divided by total number of shares issued, less shares held in escrow

The table above shows that the Site trading price prior to the Takeover Offer has been reasonably consistent at around 20 cents although on limited volumes with less than \$1 million worth of shares traded (only 3.5% of the total shares on issue) since 20 December 2010 to 16 March 2011 (59 ASX trading days).

The recent trading post the Takeover Offer is lower, with a VWAP of 19 cents, however it is based on very low volumes with only \$83,789 traded in 17 days of trading.

It is also noted that there are approximately 41.2 million shares which are in escrow and unable to be traded. The volumes traded excluding the escrow shares are still low with the total volume over 59 days of trading being 5.0%. Given the relative illiquid trading of the Site Shares since commencing trade on the ASX on 20 December 2010, limited reliance has been placed on the share price for Site although it is noted that the VWAP range of 19 cents to 20 cents is consistent with recent share issues at 20 cents.

Based on the above, the estimated mid-point of the fair market value range of Site on a minority basis is shown in the table below. In assessing the range, CHCF has applied a +/- 15% against the mid-point value. The range is wide given Site's stage of development, the fact that the business is currently loss making, Site's limited share trading and the large amount of shares held in escrow.

Table 34: Fair market value of Site

Item	Calculation	Low	Mid-point	High
Share Price	a	\$0.17	\$0.20	\$0.23
Issued Shares ('000s)	b	134,035	134,035	134,035
Options ('000s)		8,835	8,835	8,835
Total diluted equity ('000s)	c	142,870	142,870	142,870
Total undiluted equity value (\$'000s)	(a x b)	22,786	26,807	30,828
Total diluted equity value (\$'000s)	(a x c)	24,288	28,574	32,860

Source: CHCF analysis

CHCF have valued Site based on publicly available information which is limited given Site has only been a public company since December 2010. In preparing the Report, CHCF requested further information from Site, however Site restricted the provision of information to what is publically available.

7.5. Cross Check using the NTA Approach

CHCF has compared the fair market value of the equity in Site to the Net Tangible Assets (**NTA**) as shown in the table below:

Table 35: Cross Check of the Valuation of Site

Item	Reference	
Undiluted Equity Value – mid-point (\$'000s)	Table 34	26,807
Net tangible assets (\$'000s)	Note 1	8,207
Implied intangibles (\$'000s)	-	18,600
Equity Value/NTA	-	3.27

Source: CHCF analysis

Note 1: Net assets of \$8,373,105 less intangibles of \$166,379 (refer Section 5.8 of the Report).

Site's implied intangible value is considered high at over 3 times the NTA, however this is considered consistent with other education providers. AAG, for example, is further developed than Site with over \$10 million in education revenues and an implied equity value/NTA of 3.5x.

8. Evaluation of the Takeover Offer

8.1. Fairness

RG 111 defines an offer as being fair if the value of the offer price is equal to or greater than the value of the securities the subject of the offer. Set out in the table below is a comparison of CHCF's assessment of the fair market value of CAG (1 ordinary share) with the consideration offered by Site (3.5 ordinary shares).

Table 36: Valuation of consideration offered by Site

	Reference (Report Section)	Low	Mid-point	High
Value of a Site Share	Section 7.4	\$0.17	\$0.20	\$0.23
Conversion rate	Section 1.2	3.5	3.5	3.5
Value of Site Offer	-	\$0.595	\$0.70	\$0.805
Value of a CAG Share (undiluted)	Section 7.2.6	\$0.56	\$0.60	\$0.63
Value of a CAG Share (fully diluted)	Section 7.2.6	\$0.53	\$0.56	\$0.60

Source: CHCF analysis

Note: Valuation of a Site Share and a CAG Share has been prepared on a minority basis.

The Site offer is equal to or greater than CHCF's valuation range of CAG on either an undiluted or fully diluted basis. Accordingly, it is the opinion of CHCF that the Takeover Offer is fair to the Non-associated CAG Shareholders.

8.2. The Takeover Offer is Reasonable

In accordance with RG 111, an offer is reasonable if it is fair. On this basis, in CHCF's opinion, the Takeover Offer is reasonable. The following advantages and disadvantages have been considered in assessing the reasonableness of the Takeover Offer:

8.2.1. Advantages

The Takeover Offer will result in CAG (through Merge Co) being listed on the ASX

As the Takeover Offer consists of CAG Shares which are listed on the ASX, Merge Co will also be listed on the ASX and this may increase CAG's ability to access equity capital required to fund future growth plans.

The Takeover Offer provides CAG shareholders with liquidity

CAG is currently an unlisted public company. Should the Takeover Offer be accepted, CAG Shareholders will receive Site Shares which are listed on the ASX. This may provide more liquidity to CAG Shareholders than continuing to hold CAG Shares in its current unlisted company structure.

Merge Co will have more diverse operations

Merge Co will be a more diverse business than CAG, with operations in both Australia and the Philippines. The Takeover Offer therefore provides CAG Shareholders with an opportunity for enhanced geographic and market diversification.

Growth profile may be enhanced in Merge Co

As Site is at an earlier stage of development than CAG, the Takeover Offer may provide CAG Shareholders with exposure to the potentially higher growth profile that is characteristic of early stage businesses.

Tax rollover relief may be available provided acceptance is at least 80%

The Bidder's Statement states that should acceptance of the Takeover Offer reach or exceed 80%, tax rollover relief may be available to CAG Shareholders. The Australian tax implications of the Takeover Offer are outlined in more detail in Section 8 of the Bidder's Statement. CAG shareholders should consult their tax advisor regarding their personal circumstances.

8.2.2. Disadvantages

CAG has received alternative offers to the Takeover Offer

CAG has received several alternative offers in relation to potential equity investments in CAG. CAG has also appointed advisors to assist the company to list on the ASX. Accordingly, CAG is in the midst of a dual track process³⁶ which is only at a preliminary stage. As this process has the potential to become more competitive, CAG Shareholders may obtain a Superior Proposal to the Takeover Offer, at a more advanced stage of the dual track process.

Uncertainty around the composition of the Merge Co board

Following the resignation of Mr Paul Young on 1 April 2011, Site has three directors, being:

- Mr Vernon Wills (Executive Chairman)
- Mr David Hutchison (Executive Director)
- Mr Nicasio Alcantara (Non-executive Director).

The Bidder's Statement states that upon acquisition of 90% or more of CAG Shares (a condition of the Takeover Offer), Site intends to invite Patrick McKendry to join the board as an executive director and Chief Executive Officer of Merge Co. Site will also seek to retain other key members of the CAG executive management team and board.³⁷ Therefore there is uncertainty around the composition of the board in Merge Co, apart from the specific mention of Mr Patrick McKendry.

Merge Co has a higher risk profile than CAG

The Site business has a higher risk profile than that of CAG. More specifically, in comparison to CAG:

- Site is at an earlier stage of development; ceteris paribus, early stage businesses are considered to be riskier than more developed businesses.
- Site is loss making.
- Site has an operation in the Philippines which adds regulatory and sovereign risk.
- Site is exposed to foreign exchange risk (and made foreign exchange losses in excess of \$1 million in the half year to 31 December 2010).
- Site has entered into a long term lease with Clark Development Corporation. There are a number of circumstances in which the lease may be terminated in which case Site does not have any rights to compensation or reimbursement for funds expended on the leased land.

³⁶ A process in which an entity simultaneously markets itself for sale and prepares to list on an exchange.

³⁷ Bidder's Statement.

The consideration for the Takeover Offer consists of Site Shares which are illiquid

As discussed in Section 5.5 of the Report, Site Shares are currently illiquid and there is a risk that this lack of liquidity may transfer to Merge Co. It is noted however that the liquidity of the shares in Merge Co should be enhanced due to an expanded shareholder base compared to Site, and Merge Co will also be significantly larger and have a broader operating base than Site.

CAG may forego the possibility of more attractive acquisitions given the Takeover Offer represents a reverse takeover

The Takeover Offer is effectively an acquisition of Site by CAG, as indicated in Section 2.3 of the Report. In the case that CAG's board and management may be considering acquisition strategies, the acquisition of Site may result in CAG foregoing more attractive acquisition opportunities that better suit CAG's objectives and shareholders' interests.

The information provided in relation to Site's operations has been limited

Both CHCF and the Non-associated CAG Directors have had limited time to investigate the operations of Site under the Takeover Offer. If alternative mechanisms had been used to achieve a merger of Site and CAG, this may have allowed the Non-associated CAG Directors to have a better ability to perform appropriate levels of due diligence on Site.

Merge Co management may prioritise an improvement in Site's performance

As Site's operations are at an earlier stage of development than CAG's and are not yet profitable, senior management of Merge Co may need to prioritise an improvement in Site's performance. This may impact the execution of CAG's current growth strategy.

Dilution of existing ownership

If the Takeover Offer is successful, CAG Shareholders will hold 73% of Merge Co. CAG Shareholders will be diluted due to 27% of Merge Co being held by existing Site Shareholders and will have a reduced ability to share in the opportunities of CAG in the future.

Tax rollover relief will not be available if acceptance is below 80%

The Bidder's Statement states that tax rollover relief will not be available to CAG Shareholders if acceptance of the Takeover Offer is below 80%. The Australian tax implications of the Takeover Offer are outlined in more detail in Section 8 of the Bidder's Statement. CAG shareholders should consult their tax advisor regarding their personal circumstances.

8.3. Conclusion on the Takeover Offer

In view of the factors set out above, the Takeover Offer is, in the absence of a Superior Proposal, fair and reasonable to the Non-associated CAG Shareholders.

An individual shareholder's decision in relation to the Takeover Offer may be influenced by his or her particular circumstances. CHCF has considered the Takeover Offer generally; it has not taken into account the objectives, financial situation or needs of individual CAG Shareholders. Due to particular circumstances, individual CAG Shareholders may place different emphasis on various aspects of the Takeover Offer from the one adopted in the Report. Accordingly, individuals may reach different conclusions as to whether to accept the Takeover Offer.

9. Appendices

Appendix A – Glossary

Term	Definition
'000s	Numbers in thousands
\$	Australian dollars
AAG	Academies Australasia Group Limited ACN 000 003 725
ABN	Australian Business Number
ACN	Australian Company Number
AFSL	Australian Financial Services Licence
AMEP	Australian Migrant English Program
ASIC	Australian Securities and Investment Commission
ASX	Australian Securities Exchange
AEI	Australian Education Institute
Bidder	Site
Bidder's Statement	Site's bidder's statement dated 31 March 2011
CAG	Careers Australia Group Limited ACN 122 171 840
CAG Directors	The directors of CAG
CAG Shareholders	The shareholders of CAG
CAG Options	Options in CAG
CAG Share(s)	Ordinary share(s) in CAG
CACH	Careers Australia College of Healthcare Pty Ltd ACN 007 963 340
CAEI	Careers Australia Education Institute Pty Ltd ACN 120 675 505
CAIE	Careers Australia Institute of English Pty Ltd ACN 010 994 582
CAIT	Careers Australia Institute of Training Pty Ltd ACN 122 082 204
CBD	Central Business District
CHCF	Crowe Horwath Corporate Finance ACN 001 508 363, holder of AFSL No. 239170
CEO	Chief Executive Officer
CFME	Capitalisation of Future Maintainable Earnings
Clark EC	Clark Education City

Term	Definition
Corporations Act	Corporations Act 2001 (Cth)
DCF	Discounted Cash Flow
EBIT	Earning Before Interest and Taxation
EBITDA	Earnings Before Interest, Taxation, Depreciation and Amortisation
ELICOS	English Language Intensive Courses for Overseas Students
ESL	English as a Second Language
ESOP Options	Options issued under CAG's Employee Share Option Plan
ESP	English for Specific Purposes
Expert's Report (or Report)	The IER prepared by CHCF
FME	Future Maintainable Earnings
FY	Financial year ending 30 June
GDP	Gross Domestic Product
HY	Half year to
IER	Independent Expert's Report
IPO	Initial Public Offering
Lazco Limited	The former name for Site
M	Millions
Material Adverse Change	As defined in the Bidder's Statement
Merge Co	The merged entity of CAG and Site post takeover
Navitas	Navitas Limited ACN 109 613 309
n.a.	Not available
n.m.	Not meaningful
Non-associated Directors (or Non-associated CAG Directors)	All CAG Directors excluding Mr Vernon Wills
Non-associated CAG Shareholders	All CAG Shareholder excluding Wills
NPAT	Net Profit After Taxation
NPBT	Net Profit Before Taxation
NTA	Net Tangible Assets
Offer	The Takeover Offer

Term	Definition
Offer Period	The period for which the Takeover Offer remains open
P/E	Price earnings
Prescribed Occurrences	As defined in the Bidder's Statement
Report (or Expert's Report)	The IER prepared by CHCF
RG 60	ASIC's Regulatory Guide 60
RG 111	ASIC's Regulatory Guide 111
RTO	Registered Training Organisation
Seek	Seek Limited ACN 080 075 314
Site	Site International Group Limited ACN 003 201 910
Site Education Australia	Site Education Australia Pty Ltd ACN 121 485 729
Site Group Holdings	Site Group Holdings Pty Ltd ACN 121 485 729
Site Options	Options in Site
Site Share(s)	Ordinary share(s) in Site
Site WorkReady	Site WorkReady Pty Ltd ACN 146 379 080
Superior Proposal	As defined in the Bidder's Statement
TAFE	Technical and Further Education
Takeover Offer	Site's proposed off-market takeover offer of CAG
Talbot	Talbot Group Holdings Pty Ltd ACN 010 949 630
Target	CAG
Target's Statement	CAG's target statement which accompanies this IER
TESDA	Technical Education and Skills Development Authority
TESOL	Teachers of English to Speakers of Other Languages
VET	Vocational education and training
User Choice	CAG's State government funded contracts under CAIT
VWAP	Volume Weighted Average Price
Wills	Mr Vernon Wills and associated entities
YTD	Year to date

Appendix B – Sources of Information

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Appendix C – Valuation Methodologies

Method	Description	When method is used
Discounted Cash Flow (DCF)	<p>The Discounted Cash Flow (DCF) method derives the value of a business on a controlling basis based on the future cash flows of the business discounted back to a present value at an appropriate discount rate (cost of capital). The discount rate used will reflect the time value of money and the risks associated with the cash flows.</p> <p>The DCF method requires:</p> <ul style="list-style-type: none"> forecasting cash flows over a sufficiently long period (at least 5 years and usually 10 years) assessing an appropriate discount rate (typically derived using judgement and aids such as the Capital Asset Pricing Model (CAPM)), and estimation of the terminal value (value of the business into perpetuity) at the end of the period (typically derived using the capitalisation of earnings method). 	<ul style="list-style-type: none"> Reasonably accurate forecast cash flows (minimum. 5 years). Earnings or cash flows expected to fluctuate from year to year. Business is in start-up or turn around phase. Specific projects that have a finite or infinite life, for example, mining projects.
Capitalisation of Earnings	<p>The Capitalisation of Earnings (CE) method is the most commonly used valuation method. It involves the application of a capitalisation multiple to an estimate of the Future Maintainable Earnings (FME) of the business. The FME must be maintainable by the business and must not include one-off gains or losses. The capitalisation multiple will reflect the risk, time value of money and future growth prospects of the business.</p> <p>The appropriate capitalisation multiple is determined with reference to the observed multiples of entities whose businesses are comparable to that of the business being considered and/or comparable transactions.</p>	<ul style="list-style-type: none"> The business has a history of profits with a reasonably consistent trend and that trend is expected to continue. The business has an indefinite life. Cash flow forecasts are not available.
Capitalisation of Dividends	<p>This method involves the capitalisation of forecast future maintainable dividends. The maintainable level of dividends is estimated by assessing the expected level of future maintainable earnings and the dividend policy of the entity. The appropriate capitalisation rate reflects the investor's required rate of return.</p>	<ul style="list-style-type: none"> Valuation is for a minority interest. Stable business. High payout ratios.
Yield Based	<p>This method is primarily used for property assets and involves capitalising forecast distributions by an estimated future maintainable yield. The yield or rate is determined based on analysis of comparable entities.</p>	<ul style="list-style-type: none"> Commercial or investment properties including retail, industrial and commercial.
Market Based	<p>This method values a company based on the traded prices of its equity on a public market/exchange. The approach can adopt the prevailing spot rate of the company's securities at valuation date or the Volume Weighted Average Price (VWAP) over a set trading period i.e. the preceding 30, 60 or 90 trading days to the valuation date.</p>	<ul style="list-style-type: none"> Company's equity is listed on public market/exchange i.e. ASX. Securities in the company are actively traded on the market/ exchange.
Asset Based	<p>Asset based valuations involve separating the business into components that can be readily sold, such as individual business units or items of plant and equipment, and ascribing a value to each component based on the amount that could be obtained if sold.</p> <p>The asset value can be determined on the basis of:</p> <ul style="list-style-type: none"> Orderly realisation Liquidation Going Concern 	<ul style="list-style-type: none"> The business has been incurring losses for a number of consecutive financial years. The specific assets being considered are surplus to the business operations of the business.

Source: CHCF analysis

Appendix D – Trading Company Multiples (Education)

Company Name	Company Description	Market Capitalisation (\$M)	Enterprise Value (\$M)	Total Debt (\$M)	Equity Value/NTA	EBITDA Multiple			EBIT Multiple			P/E Multiple		
						FY2010 Historical	1 Yr Forecast	2 Yr Forecast	FY2010	1 Yr Forecast	2 Yr Forecast	FY2010 Historical	1 Yr Forecast	2 Yr Forecast
Seek Limited	Seek Limited operates an Internet website. The Company offers online employment advertisements and online training in Australia and New Zealand, and offers online employment advertisements in the United Kingdom targeted at Australian and New Zealand job seekers.	2,252	2,483	228	10.3 x	21.3 x	17.3 x	13.7 x	23.1 x	18.6 x	14.5 x	25.2 x	22.4 x	17.4 x
Navitas Limited	Navitas Ltd. offers educational services. The Company offers English language training, high school courses, university preparation, university programs, career advancement programs and migrant settlement services to students, professionals, and migrants.	1,596	1,462	3	70.1 x	14.9 x	12.3 x	9.6 x	16.2 x	13.8 x	10.7 x	23.0 x	20.9 x	17.7 x
Academies Australasia Group Limited	Academies Australasia Group Ltd. owns and operates educational institutes in Australia and Singapore. The Colleges offer a wide range of recognised courses at different levels - typically Certificates, Diplomas and Advanced Diplomas. Academies fields of study include English, high School grades eleven and 12th, and vocational training.	22	19	0	3.5 x	6.9 x	n.a.	n.a.	7.8 x	n.a.	n.a.	11.9 x	n.a.	n.a.
Average						14.4 x	14.8 x	11.7 x	15.7 x	16.2 x	12.6 x	20.0 x	21.6 x	17.6 x
Median						14.9 x	14.8 x	11.7 x	16.2 x	16.2 x	12.6 x	23.0 x	21.6 x	17.6 x

Source: Capital IQ

Appendix E – Trading Company Multiples (Recruitment)

Company Name	Company Description	Market Capitalisation (\$M)	Enterprise Value (\$M)	Total Debt (\$M)	Equity Value/NTA	EBITDA Multiple			EBIT Multiple			P/E Multiple		
						FY2010 Historical	1 Yr Forecast	2 Yr Forecast	FY2010	1 Yr Forecast	2 Yr Forecast	FY2010 Historical	1 Yr Forecast	2 Yr Forecast
Skilled Group Limited	Skilled Group Limited provides contract labor services to various industries, commerce and government agencies. The Company supplies skilled tradesmen and professionals in industries including engineering, drafting, nursing and maintenance. The Company's employees are supplied to clients for hourly hire or for contract fees.	468	649	185	-8.6 x	10.7 x	8.2 x	7.3 x	16.7 x	12.0 x	9.7 x	27.7 x	16.4 x	12.7 x
Chandler Macleod Group Ltd.	Chandler Macleod Group Limited is a recruitment and human resource consulting service company that provides its services to blue-collar, white-collar, and executive clients. The Company's services include management and organizational development, career transition, psychometric assessment and executive coaching.	259	287	33	-25.9 x	14.2 x	8.2 x	5.7 x	17.0 x	10.2 x	6.7 x	24.1 x	15.6 x	10.2 x
Talent2 International Ltd.	Talent2 International Ltd. offers human resources outsourcing services. The Company recruits staff for its client companies.	236	246	27	-21.9 x	12.3 x	8.4 x	6.7 x	21.1 x	12.8 x	9.2 x	39.9 x	20.1 x	14.6 x
Clarius Group Limited	Clarius Group Limited provides contract personnel services, the recruitment of permanent personnel and associated services to the information, technology, banking, finance and communications industries. The Company also distributes software products in Australia.	61	63	2	1.7 x	11.0 x	7.2 x	5.0 x	12.3 x	7.9 x	5.4 x	18.9 x	11.3 x	8.6 x
Ambition Group Ltd.	Ambition Group Limited selects and recruits permanent and temporary employees in accounting, finance and information technology businesses to a broad base in the corporate and banking sectors. The Company also provides career management information for finance, accounting and information technology professionals.	20	14	-	2.0 x	3.6 x	3.3 x	2.1 x	4.8 x	4.1 x	2.4 x	10.2 x	7.0 x	4.3 x
Average						10.4 x	7.1 x	5.4 x	14.4 x	9.4 x	6.7 x	24.2 x	14.1 x	10.1 x
Median						11.0 x	8.2 x	5.7 x	16.7 x	10.2 x	6.7 x	24.1 x	15.6 x	10.2 x

Source: Capital IQ

Appendix F – Transaction Company Multiples

Close Date	Target	Acquirer	Country	Enterprise Value (\$M)	EBIT Last Twelve Months (\$M)	EBIT Multiple
28/02/2011	Ross Human Directions Ltd.	Chandler Macleod Group Ltd.	Australia	83	12	6.9x
1/12/2010	Educational Training Institute, Inc.	Oak Tree Educational Partners, Inc.	United States	4	0	12.2x
17/06/2010	Melorio plc	Pearson plc	United Kingdom	184	23	7.9x
25/05/2010	PLATO Learning, Inc.	Thoma Bravo, LLC	United States	126	2	58.6x
7/12/2009	Penn Foster Education Group, Inc.	Princeton Review Inc.	United States	198	9	22.2x
29/07/2009	BPP Holdings PLC	Apollo Global, Inc.	United Kingdom	662	48	13.8x
1/10/2008	Xpertise Group PLC	QA-IQ Limited	United Kingdom	15	1	12.9x
18/09/2008	U.S. Education Corporation	DeVry, Inc.	United States	308	21	14.5x
18/08/2008	Nord Anglia Education plc	Baring Private Equity Asia	United Kingdom	372	19	19.7x
Median				184	12	13.8x

Source: Capital IQ

Note: Median excludes outliers (PLATO Learning Inc and S&S Training Services Ltd)



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