



Head Office
286 Sussex Street
Sydney NSW 2000 Australia
Postal Address
GPO Box 5420
Sydney NSW 2001 Australia
Phone (61-2) 8206 6060
Fax (61-2) 8206 6061
Email mail@sai-global.com
Web www.sai-global.com
SAI Global Limited
ABN 67 050 611 642

27 January 2009

Australian Securities Exchange
20 Bridge Street,
Sydney NSW 2000

Dear Sirs

**SAI Global Limited – Takeover bid for Espreon Limited –
Notice under Item 8 in Section 633(1) of the Corporations Act**

Enclosed is a notice from SAI Global Limited under Item 8 in Section 633(1) of the Corporations Act and a copy of the Bidder's Statement which has been dispatched.

Sincerely,

A handwritten signature in black ink, appearing to read "Hanna Myllyoja".

Hanna Myllyoja

Company Secretary

**NOTICE THAT TAKEOVER OFFERS
HAVE BEEN SENT TO HOLDERS OF ESPREON SHARES AND ESPREON OPTIONS**

To: Australian Securities & Investments Commission

And to: ASX Limited ACN 008 624 691

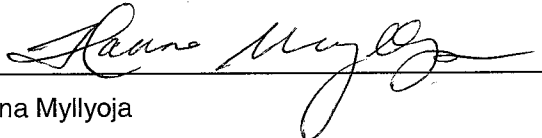
And to: Espreon Limited ACN 090 651 700

Capitalised terms used in this notice have the same meanings as given to these terms in the Bidder's Statement served on Espreon Limited ACN 090 651 700 (**Espreon**) on 23 January 2009.

SAI Global Limited ACN 050 611 642 (**SAI**) hereby gives notice under items 7, 8 and 9 of Section 633(1) of the *Corporations Act 2001 (Cth)* (**Act**) that the Bidder's Statement, containing an offer by SAI for all of the ordinary shares in Espreon (**Offer**), has been sent to all holders of Espreon Shares and Espreon Options, as required by item 6 of Section 633(1) of the Act.

The Offer is dated 27 January 2009.

This notice is dated ²⁷ January 2009.



Hanna Myllyoja

Company Secretary

SAI Global Limited



SAI GLOBAL

INFORM. INSPIRE. IMPROVE.

Offer by SAI Global Limited

ABN 67 050 611 642

to acquire all of your fully paid ordinary shares in

Espreon Limited

ABN 94 090 651 700

for 1 SAI Share for every 4.8 Espreon Shares

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to how to deal with this document, you should consult your broker or your legal, financial or other professional adviser as soon as possible.

Financial Adviser



MACQUARIE

Legal Adviser



LAWYERS

KEY DATES

Bidder's Statement lodged with ASIC and ASX	23 January 2009
Offer opens	27 January 2009
Date of Offer conditions notice*	20 February 2009
Offer closes (unless extended)*	27 February 2009

* This date is indicative only and may be changed as permitted by the Corporations Act.

HOW DO I ACCEPT THE OFFER?

You may only accept the Offer for all of Your Espreon Shares. Acceptances must be received before the end of the Offer Period.

For issuer sponsored holdings of Espreon Shares (Securityholder Reference Number beginning with "I")

To accept the Offer, complete the enclosed Acceptance Form in accordance with the instructions on it and return it in the enclosed envelope or to an address on the Acceptance Form.

For CHESS Holdings of Espreon Shares (Holder Identification Number beginning with "X")

To accept the Offer, either contact your Controlling Participant (usually your broker) and instruct them to accept the Offer on your behalf, or complete the enclosed Acceptance Form in accordance with the instructions on it and return it in the enclosed envelope or to an address on the Acceptance Form.

SAI OFFER INFORMATION LINE

If you have any questions in relation to this document, the Offer or how to accept the Offer, please call the SAI Offer Information Line on 1800 262 299 (toll-free for calls made within Australia) or +61 2 8280 7789 (for calls made from outside Australia) from Monday to Friday between 8:30am and 5:30pm (Sydney time).

IMPORTANT INFORMATION AND NOTICES

(a) Bidder's Statement

This Bidder's Statement is given by SAI to Espreon under Part 6.5 of the Corporations Act and relates to the Offer. This Bidder's Statement is dated 23 January 2009 and replaces the Original Bidder's Statement dated 13 January 2009. It includes in Section 9 an Offer dated 27 January 2009 to acquire all of Your Espreon Shares.

(b) Australian Securities and Investments Commission

A copy of the Original Bidder's Statement was lodged with ASIC on 13 January 2009 and this replacement Bidder's Statement was lodged with ASIC on 23 January 2009. Neither ASIC nor any of its officers takes any responsibility for the contents of this Bidder's Statement.

(c) Offers outside Australia

If you are a Foreign Espreon Shareholder, you should note that the consideration under the Offer is securities of SAI, an Australian public company listed on ASX. The Offer is subject to the disclosure requirements applicable in Australia which are different from those applicable in other countries.

If you are a Foreign Espreon Shareholder, you will not be entitled to receive SAI Shares on acceptance of the Offer. If you accept the Offer and are a Foreign Espreon Shareholder, you will receive the net cash proceeds of a nominee sale of the SAI Shares to which you would otherwise be entitled as described in Section 9.10.

This Bidder's Statement does not constitute an offer to issue or sell or the solicitation of any offer to buy any such securities or any securities issuable in exchange for such securities in any jurisdiction in which the issue of shares under the Offer would be unlawful.

(d) Disclosure regarding forward looking statements

The Bidder's Statement includes certain forward looking statements and statements of current intention (which include those in Section 4 of the Bidder's Statement). As such statements relate to future matters, they are subject to inherent risks and uncertainties. These risks and uncertainties include factors and risks specific to the industries in which SAI and Espreon operate as well as matters such as general economic conditions, many of which are outside the control of SAI and its directors. These factors may cause the actual results, performance or achievements of SAI or Espreon to differ, perhaps significantly, from the results, performance or achievements expressed or implied by those forward looking statements. The past performance of SAI and Espreon is not a guarantee of future performance.

The forward looking statements do not constitute a representation that any such matter will be achieved in the amounts or by the dates indicated and are presented as a guide to assist you in assessing the Offer. The forward looking statements are based on information available to SAI at the date of this Bidder's Statement.

(e) Investment decisions

This Bidder's Statement does not take into account your individual investment objectives, financial situation or particular needs. You should therefore seek your own financial and taxation advice before deciding whether or not to accept the Offer.

(f) Information on Target

All information in this Bidder's Statement relating to Espreon has been prepared by SAI using information included in public documents filed by Espreon or published by Espreon on its website or by using limited information provided by Espreon to SAI during due diligence. None of the information in this Bidder's Statement relating to Espreon has been commented on or verified by Espreon's Board or independently verified by SAI or their respective directors for the purposes of this Bidder's Statement. Accordingly, subject to the Corporations Act, SAI does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on Espreon in this Bidder's Statement should not be considered comprehensive. In addition, the Corporations Act requires the directors of Espreon to provide a Target's Statement to Espreon Shareholders in response to this Bidder's Statement, setting out certain material information concerning Espreon.

(g) Privacy

SAI has collected your information from the register of Espreon Shareholders for the purposes of making the Offer and, if accepted, administering your holding of Espreon Shares. The Corporations Act requires the names and addresses of Espreon Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to SAI's related bodies corporate and external service providers, and may be required to be disclosed to regulators, such as ASIC. The registered office of SAI Global Limited is 286 Sussex Street, Sydney NSW 2000.

(h) Defined terms and interpretation

Unless otherwise noted, capitalised terms and certain abbreviations used in this Bidder's Statement are defined in the Glossary in Section 10. That Section also sets out certain rules of interpretation which apply to this Bidder's Statement.

Capitalised terms used in Section 7 (**Taxation Implications**) are defined in Section 7.

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Head Office
286 Sussex Street
Sydney NSW 2000 Australia

Postal Address
GPO Box 5420
Sydney NSW 2001 Australia
Phone (61-2) 8206 6060
Fax (61-2) 8206 6061
Email mail@sai-global.com
Web www.sai-global.com
SAI Global Limited
ABN 67 050 611 642

23 January 2009

Dear Espreon Shareholder

Takeover Offer for Espreon Limited (Espreon)

On behalf of the Directors of SAI Global Limited (**SAI**), we are pleased to offer you this opportunity to become a shareholder in a combined SAI and Espreon Group (the **Combined Group**) through SAI's takeover offer for Espreon.

Offer Consideration

Under the Offer, SAI is offering you 1 SAI Share for every 4.8 of Your Espreon Shares. This values Espreon at \$0.52 per share based on the closing SAI Share price of \$2.50 on 9 January 2009 (the last day on which trading in SAI Shares occurred prior to the Announcement Date) and at \$0.54 per share based on the volume weighted average price of SAI Shares traded on ASX of \$2.59 for the five trading days ended 9 January 2009.

This represents an attractive premium for Espreon shareholders of:

- 16% – 20% to the \$0.45 per Espreon Share cash off-takeover bid by Vectis;
- 49% – 54% to the closing Espreon Share price of \$0.35 on 9 January 2009; and
- 105% – 112% to the volume weighted average price of \$0.254 at which Espreon Shares have traded between 6 November 2008, being the date of termination of the Vectis Scheme, and 27 November 2008, being the date prior to the announcement of the cash off-market takeover bid for Espreon Shares by Vectis.

SAI will increase the Offer consideration to 1 SAI Share for every 4.4 Espreon Shares if SAI acquires a Relevant Interest in at least 90% of Espreon Shares by the end of the Offer Period. This values Espreon at \$0.57 per share based on the closing SAI Share Price of \$2.50 on 9 January 2009 and at \$0.59 per share based on the volume weighted average price of SAI Shares traded on ASX of \$2.59 for the five trading days ended 9 January 2009.

Espreon

The Espreon Board, with the assistance of its advisers, has carefully considered the Offer. Subject to future movements in SAI's share price, the Espreon Board recommends

unanimously that Espreon Shareholders accept the Offer in the absence of a Superior Proposal. The Espreon Directors and their associates also presently intend to accept the Offer in respect of their own Espreon Shares in the absence of a Superior Proposal and subject to future movements in SAI's share price.

About SAI Global

SAI is a public company listed on ASX.

SAI is an applied information services company that helps organisations manage risk, achieve compliance and drive business improvement through added value information services (**Publishing Division**), governance, risk and compliance solutions (**Compliance Division**) and Standards related training and conformity assessment (**Assurance Division**).

One of SAI's core strategies is to build a value added information services business along a range of vertically integrated markets, including property. The combination of Espreon and SAI will result in a stronger Australian property services group with the ability to efficiently deliver services across the whole domestic property services market.

Benefits of the Offer

The Combined Group will have a market capitalisation of \$405 million based on the closing price of SAI on 9 January 2009 (the last day on which trading in SAI Shares occurred prior to the Announcement Date)¹. As an Espreon Shareholder, by accepting the Offer you will be able to benefit from:

- the opportunity to become a shareholder in SAI, a larger, more diversified international group with a positive growth outlook and businesses that have continued to perform strongly despite the recent downturn in global economic conditions;
- an ongoing interest in the potential future upside of the Espreon Property Services business;
- being part of a group that has historically provided excellent returns to its shareholders;
- potential cost savings and synergies which will result from combining the complementary businesses;
- improved liquidity for buying and selling your shares, and the increased equity market presence and access to capital which SAI provides as a larger entity; and
- payment of regular and substantially franked dividends.

¹ Assuming 500,000 Espreon Options are exercised during the Offer Period and SAI acquires 100% of Espreon Shares on issue that it does not already own for Offer Consideration of 1 SAI Share for every 4.4 Espreon Shares.

SAI Relevant Interest

On 12 and 13 January 2009, SAI acquired 18,650,213 Espreon Shares (representing approximately 19.66% of Espreon Shares) from the custodians of Hunter Hall Value Growth Trust, Australian Value Trust and Hunter Hall Global Value Limited. This was effected through off-market transfers. The consideration per Espreon Share was \$0.47 and this was paid in cash at completion.

Conditions of the Offer

The Offer is subject to a number of Conditions, including a 50.1% minimum acceptance condition. The terms of the Offer, including the defeating conditions, are set out in Section 9 of this Bidder's Statement.

We encourage you to read this Bidder's Statement for more details about the Offer and about SAI. The Offer is open for your acceptance until 7.00pm (Sydney Time) on 27 February 2009, unless extended. If you wish to accept the Offer, please complete and return the enclosed Acceptance Form.

If you have any questions in relation to the Offer, please contact your legal, financial or other professional adviser or call the SAI Offer Information Line on 1800 262 299 (or +61 8280 7789 for overseas domiciled holders) between 8.30am and 5.30pm (Sydney time) Monday to Friday.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R Wright', written in a cursive style.

Mr Robert Wright
Chairman

Why you should accept the Offer

- *You will receive a premium to the pre-Offer Espreon Share price*
- *You will participate in a larger, more diversified international group*
- *You will receive better historically performing shares and the potential for enhanced returns*
- *You may benefit from potential cost savings and synergies*
- *You will benefit from the increased market capitalisation of the Combined Group*
- *You may benefit from the payment of regular dividends*
- *The Offer is supported by Espreon*
- *You may be eligible for Capital Gains Tax relief*
- *The SAI Board believes that the SAI Offer is a superior offer to any other offer currently available for Espreon Shares*

The statements above are only a brief outline of some of the reasons why you should accept the Offer. Each of these reasons is described in more detail below.

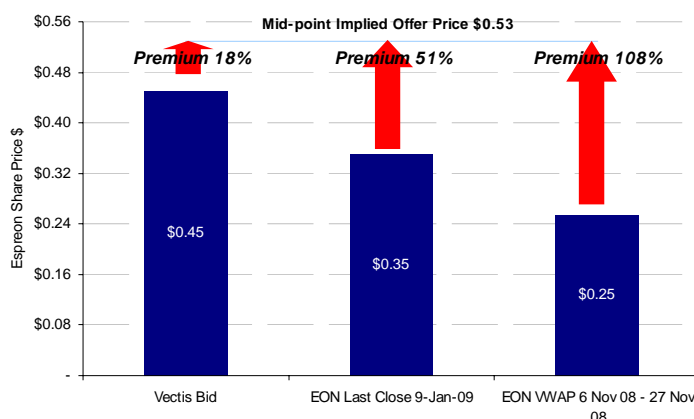
There are risks associated with the Offer which you should also consider. These are described in Section 6.

Premium to pre-Offer share price

Under the Offer, SAI is offering you 1 SAI Share for every 4.8 of Your Espreon Shares. This values Espreon at \$0.52 per share based on the closing SAI Share price of \$2.50 on 9 January 2009 (the last day on which trading in SAI Shares occurred prior to the Announcement Date) and at \$0.54 per share based on the volume weighted average price of SAI Shares traded on ASX of \$2.59 for the five trading days ended 9 January 2009.

This represents an attractive premium for Espreon Shareholders of:

- 16% – 20% to the \$0.45 per Espreon Share cash off-takeover bid for Espreon Shares by Vectis;
- 49% – 54% to the closing Espreon Share price of \$0.35 on 9 January 2009; and
- 105% – 112 % to the volume weighted average price of \$0.254 at which Espreon Shares have traded between 6 November 2008, being the date of termination of the Vectis Scheme, and 27 November 2008, being the date prior to the announcement of the Vectis Bid.



SAI will increase the Offer consideration to 1 SAI Share for every 4.4 Espreon Shares if SAI acquires a Relevant Interest in at least 90% of Espreon Shares by the end of the Offer Period. This values Espreon at \$0.57 per share based on the closing SAI Share price of \$2.50 on 9 January 2009 and at \$0.59 per share based on the volume weighted average price of SAI Shares traded on ASX of \$2.59 for the five trading days ended 9 January 2009.

Participation in a larger, more diversified international group with a positive growth outlook

- If you accept the Offer and the Offer is successful you will become an SAI Shareholder.
- As an SAI Shareholder, you will have ongoing exposure to the future performance of SAI, a significantly larger and more diverse international group with strong market positions. You will benefit because:
 - SAI currently has offices in more than 15 countries operating across 3 business sectors. Following the sale of the Corporate Services and Billback Systems divisions, Espreon operates a much narrower business, predominantly in domestic property services. SAI provides access to a larger

and more diverse market and customer base with greater prospects of growing shareholder value relative to an investment in Espreon alone.

- Despite the difficult global macroeconomic conditions currently being experienced, demand for SAI's products and services remains solid.
- Based on unaudited management accounts, the results for the six month period ending 31 December 2008 show a significant improvement in performance compared to the underlying results in the corresponding period ended 31 December 2007. Revenue and profit were 25.3% to 26.2% (in respect of revenue) and 53.8% to 60.0% (in respect of profits) above those results for the corresponding period in the prior year.
- SAI has attractive future growth prospects and is expecting financial year 2009 EBITDA growth⁵ of approximately 27 %².
- You will be part of a company that has a high proportion of recurring revenue streams and operating cashflows. As at 30 June 2008, SAI had net debt of \$132 million with net gearing of 43.0%³ and interest coverage of 6.8x⁴. Net operating cash inflow was \$29 million for the financial year ending 30 June 2008⁵.

Enhanced returns

- Historically SAI has provided excellent returns to its shareholders and a combined SAI and Espreon provides a strong platform for future growth in shareholder value.
- SAI has delivered substantial returns for its shareholders. These returns have been in excess of returns from Espreon, and the S&P/ASX Small Industrials Accumulation and All Ordinaries Accumulation indices.
 - As illustrated in the chart below, since listing on 17 December 2003 and until 9 January 2009 (the last day on which trading in SAI Shares occurred prior to the Announcement Date) SAI's total shareholder return has been 149% assuming investment in SAI as part of the initial public offering.⁶
 - During the same period, Espreon's total shareholder return has been negative 84%, the S&P/ASX Small Industrials Accumulation Index has increased 0.2% and the All Ordinaries Accumulation Index has increased 40%

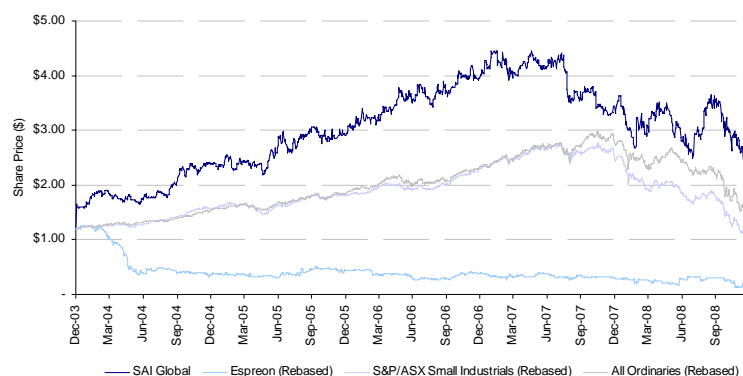
² Based on low-point of FY09 EBITDA guidance of between \$63.6 million and \$65.6 million provided to ASX on 22 January 2009.

³ Net debt / (Net debt + Equity)

⁴ EBITDA / Net interest expense

⁵ Before non-recurring charges

⁶ Total shareholder return represents the total return that an investor receives from a stock over a period. This includes the change in price of a stock (capital gain/loss) plus dividends. Dividends are assumed to be re-invested in the stock on the ex-dividend date at last close price. SAI's total shareholder return assumes investment at initial public offering price of \$1.20 per SAI Share on 16 December 2003.



Cost savings and synergies

- SAI and Espreon have highly complementary strategies. One of SAI's core strategies is to build a value added information services business along a range of verticals, including property services. The combination of SAI's and Espreon's property services businesses will result in a stronger Australian property services group.
- The property services businesses of SAI and Espreon are complementary with no substantial overlap:
 - Espreon operates nationally whereas SAI's property services business is primarily located in Victoria, a market in which Espreon has a comparatively smaller presence;
 - Espreon's key strength lies in its position with its banking customers who provide Espreon with a high volume of transactions that underpin its overhead base;
 - SAI has focussed its property services business on the smaller end of the market and has built an efficient workflow system at that end of the market; and
 - Combining the two businesses will result in a complementary match delivering efficient property services across the whole domestic market.
- The integration of SAI's and Espreon's businesses is likely to generate substantial cost savings and synergies for the Combined Group.
- If SAI acquires 100% of Espreon, Espreon Shareholders will own approximately 11% of the Combined Group, thereby participating in the benefit of the cost savings

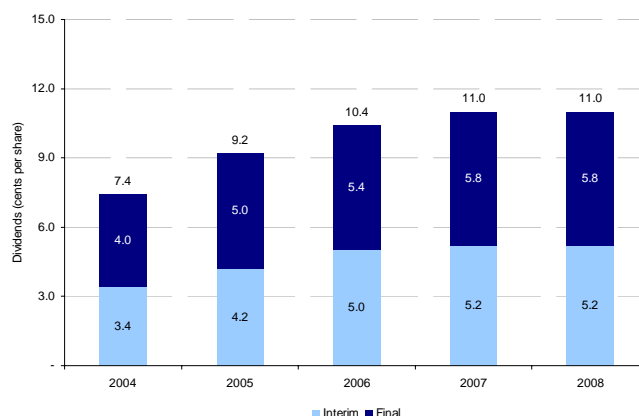
and synergies which are expected to be derived from the integration of the two businesses.⁷

Benefits of increased market capitalisation

- The Combined Group will have a larger market capitalisation than Espreon as a stand alone entity. As at 9 January 2009 (the last day on which trading in SAI Shares occurred prior to the Announcement Date), Espreon had a market capitalisation of approximately \$33 million. The pro-forma market capitalisation of the Combined Group is estimated to be approximately \$405 million (based on SAI's share price of \$2.50 as at 9 January 2009)⁸.
- The increased market capitalisation and financial scale of the Combined Group are likely to give it greater access to capital and debt markets than Espreon as a standalone entity.
- The increased market capitalisation, trading volume in shares and more extensive analyst coverage of the Combined Group are likely to provide a more liquid investment for shareholders.

Benefits from the payment of regular dividends

- Since 2004, SAI has paid 10 dividends totalling 49 cents per share. In contrast, Espreon has only paid one dividend of 1 cent per share on 22 March 2004.
- SAI's share price of \$2.50 as at 9 January 2009 represents a dividend yield of 4.4% based on aggregate financial year 2008 dividends per share of 11 cents.



⁷ Assuming 500,000 Espreon Options are exercised during the Offer Period and Offer Consideration of 1 SAI Share for every 4.4 Espreon Shares

⁸ Assuming 500,000 Espreon Options are exercised during the Offer Period and SAI Acquires 100% of Espreon Shares on issue that it does not already own for Offer Consideration of 1 SAI Share for every 4.4 Espreon Shares.

- SAI's current dividend policy is to grow dividends from current levels, having regard to future business conditions and opportunities, the level of retained earnings and the cash flow requirements of SAI.

The Offer is supported by Espreon

The Espreon Board, with the assistance of its advisers, has carefully considered the Offer. Subject to future movements in SAI's share price, the Espreon Board intends to recommend unanimously that Espreon Shareholders accept the Offer in the absence of a Superior Proposal. The Espreon Directors and their associates also presently intend to accept the Offer in respect of their own Espreon Shares in the absence of a Superior Proposal and subject to future movements in SAI's share price.

On 16 January 2009, Espreon announced that the independent expert had concluded that the SAI Offer is fair and reasonable.

Capital Gains Tax relief

As described in Section 7, an Australian resident Espreon Shareholder may choose to obtain Capital Gains Tax rollover relief in respect of any capital gain made on the disposal of their Espreon shares to SAI, subject to certain conditions being satisfied (including SAI becoming the owner of 80% or more of Espreon voting shares).

Superior offer

The SAI Directors believe that the Offer provides many real and significant benefits for Espreon Shareholders and is a superior proposal to the Vectis Bid.

Additional considerations

If you choose not to accept the Offer, you should be aware of the following:

The prospect of compulsory acquisition or minority shareholdings

If SAI is successful in acquiring Relevant Interests in 90% or more of Espreon Shares, and is entitled to compulsorily acquire your Espreon Shares pursuant to the Corporations Act, it intends to do so. If you do not accept the Offer and your Espreon Shares are compulsorily acquired, you will receive your consideration later than Espreon Shareholders who accept the Offer.

The Offer is subject to a 50.1% minimum acceptance condition

If SAI acquires a minimum of 50.1% of Espreon Shares but less than 90% of Espreon Shares, and Espreon remains listed, there is a risk that Espreon Shareholders who do not accept the Offer will hold Espreon Shares which may be less liquid than they currently are and those shares may trade at a substantial discount to the implied Offer price.

The availability of roll-over relief

If the 50.1% minimum acceptance condition is achieved by SAI but, at the end of the Offer Period, SAI does not hold 80% or more of the Espreon Shares, if you accept the Offer and make a capital gain for Australian tax purposes from your disposal of Espreon Shares you will be unable to elect a rollover of that capital gain. In that situation, you may consequently be subject to CGT on this capital gain, depending on your individual circumstances.

Frequently asked questions

What is the Offer?

You are being offered SAI Shares for Your Espreon Shares, including Espreon Shares that are issued prior to the end of the Offer Period due to the exercise of Espreon Options, on the terms and conditions set out in Section 9. The Offer is 1 SAI Share for every 4.8 of Your Espreon Shares.

As an example, if you own 1,000 Espreon Shares and you accept the Offer, you will, subject to the terms of the Offer, receive 208.33 SAI Shares in exchange for Your Espreon Shares (assuming that the Offer becomes, or is declared, unconditional). Further details relating to the consideration for the Offer including rounding of fractions of shares are set out at Section 9.2.

SAI will increase the Offer Consideration to 1 SAI Share for every 4.4 Espreon Shares if SAI acquires a Relevant Interest in at least 90% of Espreon Shares by the end of the Offer Period.

You should note that:

- if you accept SAI's Offer and the Offer becomes unconditional or the Offer conditions are satisfied, but SAI's Relevant Interest in Espreon Shares is not at least 90% by the end of the Offer Period, then you will receive the current Offer consideration of 1 SAI Share for every 4.8 of Your Espreon Shares; and
- Vectis currently has a Relevant Interest in 19.83% of Espreon Shares. If Vectis does not accept the Offer in respect of those shares SAI will not acquire a Relevant Interest of at least 90% of Espreon Shares by the end of the Offer Period and the Offer Consideration will not be increased as outlined above.

What is the value of the Offer?

If SAI acquires a Relevant Interest of less than 90% of Espreon Shares by the end of the Offer Period the Offer consideration is 1 SAI Share for every 4.8 of Your Espreon Shares. This implies a value of \$0.52 per Espreon Share based on the closing SAI Share price of \$2.50 on 9 January 2009 (the last day on which trading in SAI Shares occurred prior to the Announcement Date), and \$0.54 per Espreon Share based on the volume weighted average price of SAI Shares traded on ASX of \$2.59 for the five trading days ended 9 January 2009.

If SAI acquires a Relevant Interest in at least 90% of Espreon Shares by the end of the Offer Period the Offer consideration will be increased to 1 SAI Share for every 4.4 of Your Espreon Shares. This implies a value of \$0.57 per Espreon Share based on the closing SAI Share price of \$2.50 on 9 January 2009, and \$0.59 per Espreon Share based on the volume weighted average price of SAI Shares traded on ASX of \$2.59 for the five trading days ended 9 January 2009.

You should note that the value of the Offer will change as a consequence of movements in the market price of SAI Shares. Further details are set out at Section 2.3.

What choices do I have as an Espreon Shareholder?

As an Espreon Shareholder, you have the following choices in respect of Your Espreon Shares:

- accept the Offer before the end of the Offer Period;

- sell Your Espreon Shares on ASX (provided that you have not previously accepted the SAI Offer for Your Espreon Shares); or
- do nothing.

How do I accept the Offer?

To accept the Offer:

- (i) if Your Espreon Shares are held in an issuer sponsored holding (Securityholder Reference Number beginning with "I"), complete the enclosed Acceptance Form in accordance with the instructions on it and return it in the enclosed envelope or to an address on the Acceptance Form; or
- (ii) if Your Espreon Shares are held in a CHESS Holding (Holder Identification Number beginning with "X"), either contact your Controlling Participant (usually your broker) and instruct them to accept the Offer on your behalf, or complete the enclosed Acceptance Form in accordance with the instructions on it and return it in the enclosed envelope or to an address on the Acceptance Form.

Can I accept the Offer for part of my holding?

No, you cannot accept for part of your holding. You may only accept the Offer for all of Your Espreon Shares.

When does the Offer close?

The Offer is scheduled to close at 7.00pm on 27 February 2009, unless extended.

The Offer can be extended at SAI's election or otherwise in accordance with the Corporations Act. You will receive written notification of any extension as required by the Corporations Act.

When will I receive SAI Shares?

If you accept the Offer, unless you are a Foreign Espreon Shareholder, you will be allotted the SAI Shares to which you are entitled no later than the earlier of:

- one month after the Offer is validly accepted by you, or if the Offer is still subject to a Defeating Condition when accepted, one month after the Offer becomes unconditional; and
- 21 days after the end of the Offer Period.

You should also read Section 9.9 which contains further information about SAI's obligations to provide the consideration under the Offer.

Will I need to pay stamp duty or brokerage if I accept the Offer?

No. You will not pay any stamp duty on accepting the Offer.

If Your Espreon Shares are registered in an issuer sponsored holding in your name, you will not incur any brokerage in connection with your acceptance of the Offer.

If Your Espreon Shares are in a CHESS Holding or you hold Your Espreon Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually your broker) or the bank, custodian or other nominee whether it will charge any transaction fees or service charges in connection with your acceptance of the Offer.

If you are a Foreign Espreon Shareholder, the proceeds of sale of the SAI Shares to which you would otherwise become entitled as a consequence of accepting the Offer will be paid to you net of sale costs, including brokerage (see Section 9.10).

What if I am a Foreign Espreon Shareholder?

If you are a Foreign Espreon Shareholder then you will not be entitled to receive SAI Shares on acceptance of the Offer. If you are a Foreign Espreon Shareholder and you accept the Offer, you will receive the net cash sale proceeds of the SAI Shares which you would otherwise have received.

SAI retains discretion to declare that certain Foreign Espreon Shareholders are not Foreign Espreon Shareholders for the purpose of the Offer. See Section 9.10 for further information.

What are the tax consequences if I accept the Offer?

Section 7 describes the major tax implications for you if you accept the Offer. Among other things, Section 7 discusses the Australian Capital Gains Tax (**CGT**) rollover relief that you may be eligible for if you are an Australian resident for tax purposes and SAI acquires 80% or more of the voting shares in Espreon under the Offer (note that the Offer is conditional on SAI having a Relevant Interest in more than 50.1% (by number) of Espreon Shares by the end of the Offer period).

What happens if I do not accept the Offer?

If you do not accept the Offer and SAI acquires at least 90% (by number) of the Espreon Shares and the other Defeating Conditions are fulfilled or waived, SAI intends to proceed to compulsorily acquire Your Espreon Shares. If this occurs, you will be allotted SAI Shares at the end of the compulsory acquisition process. If SAI proceeds to compulsory acquisition, you will receive SAI Shares sooner if you accept the Offer.

Can I sell the SAI Shares I receive from accepting the Offer on the market?

Yes. Once you receive SAI Shares from accepting the Offer, you will be able to sell them on ASX.

What are the Defeating Conditions of the Offer?

The Offer is subject to a number of Defeating Conditions which are set out in full in Section 9.8. If the Defeating Conditions are not fulfilled or waived by SAI by the date the Offer closes, the Offer will lapse.

In summary, the Defeating Conditions include requirements that:

- at the end of the Offer Period, SAI has a Relevant Interest in at least 50.1% (by number) of Espreon Shares;
- during the Offer Period no regulatory actions have been taken in relation to the Offer;
- during the Offer Period no material adverse change has occurred affecting Espreon;
- no material transactions have been entered into by Espreon during the Offer Period; and

- no prescribed occurrences have occurred in relation to Espreon during the Offer Period.

For a detailed description of these Defeating Conditions, please refer to Section 9.8(a).

Waiver of conditions

SAI will waive all other Defeating Conditions (except in respect of any Defeating Condition that has been previously breached or has become incapable of fulfilment, in which case SAI reserves its discretion to waive any breach or non-fulfilment of that condition in accordance with the terms of the Offer) if the 50.1% minimum acceptance condition is satisfied (see Section 9.8(a)(i)).

What happens if the Defeating Conditions are not fulfilled or waived?

If the Defeating Conditions are not fulfilled or waived by the date the Offer closes, the Offer will lapse. This means that the Offer will not proceed, you will retain Your Espreon Shares (unless you sell them on ASX), you will not receive SAI Shares and SAI will not be able to implement its intentions for the Combined Group set out in Section 4.

Further information

If you have any questions in relation to this document, the Offer or how to accept the Offer, please call the SAI Offer Information Line on 1800 262 299 (toll-free for calls made within Australia) or +61 8280 7789 (for calls made from outside Australia) from Monday to Friday between 8.30am – 5.30pm.

1 Information on SAI

1.1 Overview of SAI

SAI is a public company whose shares are listed on ASX.

SAI is an applied information services company that helps organisations manage risk, achieve compliance and drive business improvement through added value information services (**Publishing Division**), governance, risk and compliance solutions (**Compliance Division**) and Standards related training and conformity assessment (**Assurance Division**).

SAI listed on ASX on 17 December 2003. At that time, SAI had a market capitalisation of \$120 million.⁹ As at 9 January 2009 (the last day on which trading in SAI Shares occurred prior to the Announcement Date), SAI had a market capitalisation of \$362 million.

1.2 SAI's principal activities

SAI has three operating divisions:

(a) *Business Publishing*

SAI's Business Publishing business:

- distributes technical and business information such as Standards, legislation, property and other technical information; and
- provides internally developed intellectual property such as workflow solutions, bibliographic databases and property certificates.

SAI's Business Publishing business is about making information available and useful. This information can take the form of internationally and locally based Standards, legislation, bibliographical databases of information and documents which feed into larger processes, such as property transactions.

This business continues to evolve from its origins as a distributor of Standards developed by third parties into a value-added information services provider, with an increasing focus on acquiring and developing intellectual property that is crucial to SAI's customers achieving effective workflow solutions.

⁹ Based on 100,000,000 ordinary shares fully paid issued at \$1.20 per share

(b) Compliance Services

SAI's Compliance Services business provides a range of products and services that help organisations manage their various obligations with a focus on regulatory obligations. This business:

- provides newsfeeds, alerts and databases covering key compliance and regulatory topics;
- provides governance, risk and compliance (**GRC**) solutions that catalogue, monitor, update, notify and manage a company's operational GRC needs; and
- provides an extensive library of web-based learning and awareness solutions, supported by a learning management system providing both audit and compliance learning management capability.

The regulatory compliance industry continues to experience high growth. The growth reflects the increased volume, complexity and interdependency of global, regional and country-specific regulations which pose governance, compliance and risk management challenges for all corporations. While the cost to comply with these laws and regulations is significant, the cost of non-compliance has been shown to be much greater as evidenced by recent well publicised corporate failures and penalties.

(c) Assurance Services

SAI's Assurance business is about providing organisations and their stakeholders with reassurance that their critical business processes are operating effectively and are capable of supporting the achievement of planned objectives. This business:

- assesses system and product conformity to international and locally based Standards, supported by a widely recognisable symbol of excellence and assurance in Australia, the "five ticks" StandardsMark;
- provides tools for improving critical business processes; and
- provides Standards related training and business improvement solutions.

1.3 Financial Overview of Bidder

Over the last two financial years, SAI's execution of its strategy has resulted in the following performance:

On 15 August 2008 SAI announced a net profit after tax, before the impact of non-recurring charges, of \$19.8 million for the financial year ended on 30 June 2008, representing an increase of 4.9% over the prior year's result of \$18.8 million.

Notwithstanding the adverse impact of the strengthening Australian dollar, revenue increased by 14.4% to \$243.4 million. Revenue growth was 19.2% on a constant currency basis. Underlying EBITDA increased to \$50.3 million, up 16.2% from \$43.2 million achieved in the prior financial year. On a constant currency basis, underlying EBITDA growth was 18.6%. This uplift was accompanied by an increase in the underlying EBITDA margin to 20.6%, up from 20.3% achieved in the financial year ended 30 June 2007.

Non-recurring charges of \$4.4 million after tax, which reduced reported net profit to \$15.3 million, have delivered annualised savings of \$6.4 million after tax across the group.

For the 12 months ended on 30 June 2008, operating cash inflows before the impact of non-recurring charges were up 6.2% to \$29.0 million. After non-recurring charges, operating cash inflows of \$23.7 million were down 13.1% from the \$27.3 million achieved in the corresponding period in the previous year.

	2007	2008	Growth
Revenue ¹⁰	\$212.8m	\$243.4m	14.4%
EBITDA	\$43.2m	\$50.1m	16.2%
<i>EBITDA Margin</i>	20.3%	20.6%	
EBIT	\$30.4m	\$35.3m	16.8%
<i>EBIT Margin</i>	14.3%	14.5%	
NPAT	\$18.8m	\$19.7m	4.9%
EPS	13.1c	13.7c	4.6%
Underlying Cash Earnings	\$25.2m	\$25.6m	1.4%
Underlying Cash Earnings per Share	17.6c	17.8c	1.1%
Operating cash inflows	\$27.3m	\$29.0m	6.2%

Note: Earnings are before non-recurring charges relating to costs incurred in restructuring the business of \$5.6 million pre-tax, the write-off of the investment in CEFEX of \$0.7 million pre-tax and costs incurred in relation to an unsuccessful acquisition opportunity of \$0.4 million pre-tax. The after tax impact of these non-recurring charges was \$4.5 million.

1.4 Directors

As at the date of this Bidder's Statement the Directors of SAI are:

Robert Wright – Chairman

Robert joined the board in October 2003. Robert has 30 years financial management experience including finance director of David Jones Limited from 1990 to 1999. Robert was an executive director of The Adelaide Steamship Company Limited during the restructure of that group from 1990 to 1995.

Robert is Chairman of Dexion Limited and Babcock & Brown Residential Land Partners Group. Robert is a director of Australian Pipeline Limited and Super Cheap Auto Group Limited.

Tony Scotton – Chief Executive Officer

Prior to joining SAI, Tony had many years of general management experience across a broad range of manufacturing and distribution businesses, most recently as Managing Director and Chairman of the Construction Products Division of Pacifica Group Limited. Tony has managed several business disposals, acquisitions and integrations and is

¹⁰ Includes other income but excludes interest income

experienced in establishing and managing businesses in Asia including several joint ventures.

Tony is a director of a number of SAI's controlled entities and Telarc SAI Limited (a New Zealand company in which SAI has a 25% equity interest).

Anna Buduls

Anna joined the board in October 2003. Anna has extensive experience in journalism, investment banking (particularly mergers and acquisitions) and investor relations.

Anna is Chairman of Beyond Empathy and Tramada Holdings Pty Limited. Anna is a director of Macquarie Generation.

John Murray AM

John joined the board in October 2003. John was elected to the board of Standards Australia in 1995. John has extensive experience in the construction, financial investment, superannuation, property development and hotel industries.

John is a director of one of the nation's largest superannuation funds ("Cbus"), Cbus Property Pty Limited, Australian Super Developments Pty Limited, Hotel Leisure and Tourism Trust of Australia and Mitchell Centre Nominees Pty Limited. John was the inaugural Chair of the Building Professionals Board and was the National Executive Director of the Master Builders Association during the period 1987 to 2002.

Peter Day

Peter was most recently Executive General Manager Finance (Chief Financial Officer) for the global packaging group Amcor. Peter has a diversified background in finance and general management in mining, manufacturing, food and financial services industries, as well as a number of public interest areas. Peter has held senior executive positions with Bonlac Foods, Rio Tinto, CRA and Comalco. He is a former Chairman of the Australian Accounting Standards Board, and was Deputy Chairman of the Australian Securities & Investments Commission.

Peter is Chairman of Orbital Corporation Limited and a non executive director of Ansell Limited and Multiple Sclerosis Limited.

Andrew Dutton

Andrew was most recently Senior Vice President and General Manager, International at Computer Associates, one of the world's largest information technology companies, prior to which he held senior executive positions at IBM, BEA Systems, and Lend Lease, including finance, marketing and sales and leadership roles. Having lived in Europe and Asia for nearly 20 years he has solid experience in formulating and executing corporate strategies in a number of emerging markets in Europe, Middle East, Africa and Asia Pacific regions.

Further details of SAI's Directors and management team can be found at SAI's website: www.saiglobal.com.au.

1.5 Senior Management

Geoff Richardson – Chief Financial Officer

Geoff is a Commerce graduate and Price Waterhouse trained chartered accountant with over 15 years experience in senior finance roles in Australian based companies. Prior to

joining SAI as Chief Financial Officer in 2004, he held Chief Accountant, Group Financial Controller and Chief Financial Officer roles in major organisations including HSBC, AIDC and AMP. Geoff is a member of the Institute of Chartered Accountants in England and Wales and a member of the Institute of Chartered Accountants in Australia.

Andy Wyszowski - Global Head of Compliance and Global Head of Publishing

Andy is a US citizen. He is a Physics graduate with a long and varied career in the Publishing Industry in the United States. He began his career in information technology and progressed to general management in the early 1980's. Since then he has held Vice President and President roles in Proquest Company, West Group (part of the Thompson Corporation), Lexis Nexus and Incon Associates Inc. He now heads SAI's Compliance and Publishing businesses on a worldwide basis having joined SAI in 2007.

Duncan Lilley – Head of Assurance

Duncan is a dual South African and British citizen who now resides in Australia. He heads SAI's Assurance business worldwide with the exception of the Americas. He joined SAI in 2007 from the British Standards Institute. He holds a degree in Quantity Surveying from the University of Cape Town and is also an Associate Member of the Chartered Institute of Management Accountants of England and Wales. Prior to joining the British Standards Institute in 2002, where he held senior finance and operational roles, including Managing Director Asia/Pacific, he held senior finance and commercial roles with Unisys in the Netherlands and Kellog Brown & Root in the UK.

Wendy Tilford – President QMI-SAI Global

Wendy is a Canadian citizen. She is a graduate of the University of Toronto.

Wendy began her career in telecommunications and since 1992 has held Vice President and President roles in Bell Canada, Darome Canada Limited and Norigen Communications Inc. In 2002 she was appointed President of QMI, North America's premier management system certification firm. In February 2008, Wendy joined SAI when SAI purchased QMI. She now heads SAI's Assurance division for the Americas.

Brett Lenthall – Chief Information Officer

Brett is a Mathematics graduate with a long and varied career in information technology. Prior to joining SAI in 2006, he was the Vice President Information Systems for Resmed, a position he held for over 7 years during which time he gained extensive international experience. In his earlier career Brett held senior programme and project management roles with Boral and Prometheus Software.

Hanna Myllyoja - Group General Counsel & Company Secretary

Hanna is a qualified solicitor with degrees in Arts and Law and a Graduate Diploma in Legal Practice. Prior to being appointed to the position of Legal Counsel of Quality Assurance Services Pty Limited (as the Company, then a wholly owned subsidiary of Standards Australia Limited, was previously known) Hanna was employed in private practice. In 2000 she was transferred to the position of General Counsel of Standards Australia Limited and its group entities. In 2003, at listing of SAI on the ASX, she was appointed to the position of Group General Counsel of SAI, a position she has occupied since. In 2006 she additionally took on the role of Company Secretary.

Andrew Jones – Group Director Human Resources

Andrew is a Computer Science graduate who also holds a Master of Philosophy degree. He has extensive experience as a Human Resources Director which, prior to joining SAI,

was gained in the ASDA Group in the UK (now part of Walmart), Sears in the UK, AMP in the UK and Australia and the Al Futtaim Group in Dubai. He joined SAI in 2006.

1.6 Business strategy and outlook

Business Strategy

SAI's business model revolves around the provision of added value technical information, focussed on Standards and regulation, applying this information in a way that helps its customers meet the obligations implied by this information and the assessment of conformance with these Standards or regulations.

SAI's vision is to be a world leading applied information services company through:

- international scale;
- outstanding products, processes and services;
- dedicated people; and
- superior shareholder returns.

The strategy to achieve this vision has been to employ a combination of organic development and acquisition to achieve international scale; develop internal capability to deliver outstanding products, processes and services; employ and develop people capable of and dedicated to delivering the vision; and obtaining superior shareholder returns through the development of higher growth businesses with annuity style revenues.

Outlook for FY09

Despite the macro-economic environment, solid demand for SAI's products and services is expected to continue, delivering strong revenue and profit growth in financial year 2009.

SAI expects the following results for financial year 2009¹¹:

- Revenue of between \$292 million and \$302 million;
- EBITDA of between \$63.6 million and \$65.6 million; and
- NPAT of between \$24.7 million and \$25.7 million.

SAI expects that its results for the year ending 30 June 2009 will be towards the lower end of these ranges.

¹¹ As disclosed in an announcement provided to the ASX on 22 January 2009, and assuming average exchange rates of AUD:USD of 0.713 and AUD:GBP of 0.447 for the year to 30 June 2009.

1.7 Annual report, half year results and ASX announcements

The Concise Annual Report and Full Financial Report of SAI for the year ended 30 June 2008 were lodged with ASX on 15 August 2008.

SAI is a company listed on ASX and is subject to the periodic and continuous disclosure requirements of the Corporations Act and Listing Rules. A list of SAI announcements which have been lodged with ASX since the end of SAI's financial year ended 30 June 2008 to the date immediately prior to the date of this Bidder's Statement is set out in Annexure 1. This information may be relevant to your assessment of the Offer. For information concerning the financial position and affairs of SAI, you should refer to the full range of information that has been disclosed by SAI pursuant to these requirements.

Copies of the following documents may be obtained by contacting the SAI Offer Information Line on 1800 262 299 (toll-free for calls made within Australia) or +61 2 8280 7789 (for calls made from outside Australia) from Monday to Friday between 8.30am and 5:30pm during the Offer Period:

- the Concise Annual Report and the Full Financial Report referred to above; and
- the ASX announcements referred to above,

and copies will be provided to the person who made the request. Please note that, as required by the Corporations Act, calls to these numbers will be recorded.

Alternatively the above documents may be downloaded from SAI's website at www.saiglobal.com.au.

Copies of all documents lodged with ASIC in relation to SAI may also be obtained from, or inspected at, an ASIC office.

2 Information on SAI Securities

2.1 SAI Issued Securities

As at the date of this Bidder's Statement, SAI has 144,718,195 fully paid ordinary shares on issue. There are no other classes of shares on issue. SAI Shares are listed for quotation on ASX.

There are currently 1,386,970 Performance Share Rights on issue granted under the Performance Share Rights Plan and Executive Incentive Plans.

There are currently 2,713,338 outstanding options to subscribe for SAI Shares. These options have been issued pursuant to the plans set out below.

	Number on Issue	Exercise Price	Expiry
Executive Incentive Plan	261,652	3.51	3-Nov-16
Executive Incentive Plan	46,512	3.91	1-Jul-11
Executive Incentive Plan	871,743	2.99	9-Nov-17
Executive Incentive Plan	1,283,284	2.29	1-July-18
UK Sub-Plan to Executive Incentive Plan	96,790	2.29	18-Jul-18
Executive Incentive Plan	153,357	2.49	7-Nov-18

2.2 Substantial Holders

As at the date of this Bidder's Statement, based on notices received by SAI, the substantial holders of SAI are:

	Number of Shares Held	% Held
Investors Mutual Limited	17,287,960	11.95%
Perpetual Limited	16,640,172	11.50%
Westpac Banking Corporation/BT Investment Management Limited	12,755,665	8.81%
Paradice Investment Management Pty Limited	11,142,380	7.70%
Commonwealth Bank of Australia	9,187,091	6.35%

2.3 Recent Trading in SAI Shares

The latest recorded sale price of SAI Shares on ASX before the date on which the Original Bidder's Statement was lodged with ASIC was \$2.50 on 9 January 2009 (the last day on which trading in SAI Shares occurred prior to the Announcement Date).

The volume weighted average price of SAI Shares traded on the ASX in the ordinary course of trading, on 8 and 9 January 2009 is \$2.55. Based on an offer of 1 SAI Share for every 4.8 of Your Espreon Shares, this valuation of SAI Shares represents a value of the SAI Offer of \$0.53 per Espreon Share. Based on an offer of 1 SAI Share for every 4.4 of Your Espreon Shares, this valuation of SAI Shares represents a value of the SAI Offer of \$0.58 per Espreon Share.

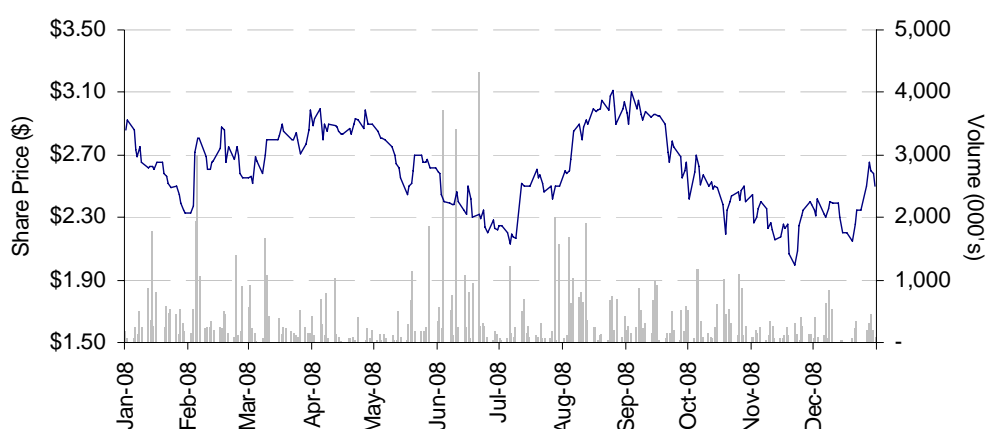
The volume weighted average price of SAI Shares traded on the ASX in the ordinary course of trading, on 21 and 22 January 2009 is \$2.58. Based on an offer of 1 SAI Share for every 4.8 of Your Espreon Shares, this valuation of SAI Shares represents a value of the SAI Offer of \$0.54 per Espreon Share. Based on an offer of 1 SAI Share for

every 4.4 of Your Espreon Shares, this valuation of SAI Shares represents a value of the SAI Offer of \$0.59 per Espreon Share.

During the 4 months ended on 9 January 2009:

- the highest recorded sale price for SAI Shares on ASX was \$3.10 which was recorded on 12 September 2008, 16 September 2008 and 17 September 2008;
- the lowest recorded sale price for SAI Shares on ASX was \$1.965 which was recorded on 2 December 2008; and
- the volume weighted average price for the preceding 4 months was \$2.56.

The chart below sets out the daily closing share price and daily volume of SAI Shares traded on ASX in the 12 months prior to 9 January 2009.



2.4 Dividends

Since 2004, SAI has paid the following dividends:

Dividend per Share (c)	Interim	Final	Total
2004	3.4	4.0	7.4
2005	4.2	5.0	9.2
2006	5.0	5.4	10.4
2007	5.2	5.8	11.0
2008	5.2	5.8	11.0

2.5 Rights attaching to SAI Shares

Constitution

Under Section 140(1) of the Corporations Act, the constitution of SAI has effect as a contract between SAI and each member and between a member of SAI and each other member. Accordingly, if you accept SAI Shares as consideration you will, as a result, become liable to comply with the constitution of SAI. However, since the SAI Shares issued as consideration under the Offers will be issued as fully paid, no monetary liability attaches to them.

The constitution of SAI also sets out the principal rights attaching to SAI Shares. This Section 2.5 provides a summary of these rights and the liabilities attaching to SAI Shares. It does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of shareholders of SAI. Such rights and liabilities involve complex questions of law arising from the interaction of the constitution and statutory and common law requirements. Shareholders should seek their own advice when trying to establish their rights and liabilities in specific circumstances.

(a) Voting rights

Subject to any rights or restrictions for the time being attached to any class of shares, every shareholder entitled to vote at a shareholder's meeting may attend and vote. Each eligible shareholder has one vote, which may be cast in person, by proxy, attorney or, being a corporation, by a duly appointed representative. Each shareholder entitled to vote may vote once in any vote to be taken on a show of hands and where a vote is to be taken by poll, each shareholder has one vote for every share held and a proportional fraction of the vote for each party paid share held by the member.

(b) Dividends

SAI Directors may determine whether to pay any interim and final dividends as, in their judgement, the financial position of the company justifies. The directors may also pay any dividend required to be paid under the terms of issue of any class of share. The payment of a dividend does not require confirmation by a general meeting.

SAI may only pay dividends out of profits of the company, or as otherwise permitted by law. Subject to any special items and conditions of issue, the profits of SAI, which the Directors from time to time determine to distribute by way of dividend, are divisible amongst the members in proportion to the amounts paid up on the shares held by them.

(c) Issue of further shares

Subject to the ASX Listing Rules and the ASTC Settlement Rules, the SAI Directors have the right to issue shares or grant options over unissued shares to any person. They may do so on the conditions they think fit. Such shares may have preferred, deferred or other special rights or special restrictions about dividends, voting, return of capital, participation in the property of the company on the winding up or otherwise as the directors think fit.

(d) Transfer of shares

Subject to the constitution of SAI, Corporations Act, ASX Listing Rules and ASTC Settlement Rules, SAI shares are freely transferable.

Shareholders may transfer Shares by a proper transfer effected in accordance with the business rules and SCH and ASX and as otherwise permitted by the Corporations Act.

The Directors may decline to register a transfer of Shares where the transfer is not in registrable form or where refusal to register the transfer is permitted under the Corporations Act, ASX Listing Rules or ASTC Settlement Rules. If the Directors decline to register a transfer, SAI must give the party lodging the transfer written notice of the refusal and the reason for the refusal.

(e) Winding up

Subject to any rights and restrictions attached to any shares or class of SAI Shares, if the company is wound up and the property of the company is more than sufficient

- (i) to pay all the debts and liabilities of the company; and

(ii) the costs, charges and expenses of the winding up,

the excess must be divided among the shareholders of SAI in proportion to the shares held by them, in respect of the amounts paid or credited as paid on the shares.

(f) SAI Directors

The minimum number of Directors is three and the maximum is to be fixed by the Directors but may not be more than 12 unless the company passes a resolution varying that number. Questions arising at a meeting of Directors will be decided by a majority vote.

(g) Retirement of SAI Directors

At each annual general meeting, one third of the SAI Directors other than the Managing Director must retire from office. The SAI Directors to retire by rotation are those who have been longest in office since their last election or appointment. Each SAI Director other than the Managing Director must retire from office at the close of the third annual general meeting following the SAI Director's last election, and that SAI Director is eligible for re-election at that meeting.

(h) Remuneration of SAI Directors

Subject to the ASX Listing Rules, the non-executive SAI Directors as a whole may be paid a fixed amount of no more than the total maximum amount determined by the SAI Shareholders in general meeting. Presently, that amount is \$600,000 per annum. Non-executive SAI Directors may not be paid a commission on, or a percentage of, profits or operating revenue.

The SAI Board may fix the remuneration of an executive SAI Director. The remuneration may be by way of any or all of salary, commission or participation in profits but may not be by commission on, or a percentage of, operating revenue.

(i) Dividend Reinvestment Plans

The Constitution contains a provision allowing SAI Directors to implement a dividend reinvestment plan and a dividend selection plan. The SAI Directors have presently adopted a dividend reinvestment plan.

Participants in a dividend selection plan may elect to receive a dividend from SAI paid wholly or partly out of any fund or reserve or out of profits derived from any particular source, or forego a dividend from SAI in place of some other form of distribution from SAI or another body corporate or trust. SAI has not presently adopted a dividend selection plan.

(j) Directors' Indemnity

SAI, to the extent permitted by law, indemnifies each SAI Director, alternate SAI Director or executive officer (and any person who has previously served in that capacity) against any liability or cost incurred by the person as an officer of SAI or a related body corporate of SAI. This includes, but is not limited to, liability for negligence or costs incurred in defending proceedings in which judgment is given in favour of the person or in which the person is acquitted. The indemnity may be extended to other officers or the auditor at the discretion of the Directors.

(k) Alteration of Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of members present and voting at a general meeting of the company. SAI must

give at least 28 days' written notice of its intention to propose a resolution as a special resolution.

(l) Share Buy Backs

SAI may buy back shares in itself in accordance with the provisions of the Corporations Act.

(m) Variation of rights

In order to vary the rights attaching to any class of shares, a special resolution of the company and a special resolution of the shareholders holding that class of shares or the written consent of at least 75% of the holders of shares in that class is required. Where the relevant resolutions are passed, the directors of SAI may vary or cancel any rights attaching to a certain share class, or convert shares from one class to another.

(n) General meetings and notices

Subject to the Corporations Act and the constitution of SAI, a general meeting may be called by the directors of SAI, an individual director or the shareholders of the company. Each shareholder, director and auditor must be given notice of any general meeting and is entitled to attend that meeting. The ASX must also be given notice of any general meeting. The notice of general meeting must specify the date, time and place of the meeting and state of the general nature of the business to be transacted at the meeting and any other matters required by the Corporations Act.

2.6 Summary of share and incentive plans

(a) Summary of SAI's share based payments

SAI has a number of share based payment plans as follows:

- Executive Incentive Plan
- UK Sub-Plan to Executive Incentive Plan
- Performance Share Rights Plan
- Employee Share Plan
- Deferred Tax Employee Share Plan
- SAI Global UK Share Incentive Plan.

Executive Incentive Plan

At SAI's annual general meeting held on 20 October 2006, a new Executive Long-Term Incentive Plan and a UK Sub Plan were approved by shareholders. All long-term incentives granted in the year ending 30 June 2008 were granted under these plans. Both plans contain a prohibition on any participant engaging in any hedging arrangements in relation to any unvested incentive granted under the plan, or purporting to do so.

The dollar amount of long term incentives granted to each executive is divided into three equal tranches. One tranche is applied to the provision of Performance Share Rights (**PSRs**), one to the provision of options over ordinary shares in the Company (**Options**), and the remaining third to the provision of either PSRs or Options, at the discretion of the executive. To determine how many PSRs each eligible executive will receive, the dollar

amount to be granted as PSRs is divided by the volume weighted average price (**VWAP**) of SAI Global shares for the last 5 trading days before the offer date.

To determine how many Options each eligible executive will receive, the dollar amount to be granted as Options is divided by the undiscounted Black Scholes value of an Option, where the Option price is determined using the VWAP of SAI Global shares for the last 5 trading days before the offer date. PSRs and Options are granted for no consideration, but only vest on the achievement of performance hurdles.

Each grant of PSRs and Options made to the CEO and members of the SAI Executive Committee may vest over a five-year period with up to one third available to vest three years from the commencement of the financial year in which they were granted, a further third, four years from the commencement of the financial year in which they were granted and the remainder, five years from the commencement of the financial year in which they were granted.

Any PSRs or Options that do not vest on the first date they become eligible to vest are carried forward and may vest on a subsequent vesting date. PSRs or Options that have not vested five years after the grant date, lapse.

PSRs and Options carry no voting or dividend rights.

Once vested, holders of PSRs become entitled to one SAI Share, issued or purchased on market, for each vested PSR held. Once vested, holders of Options become entitled to purchase one SAI Share, at the Option price, for each vested Option held. Performance hurdles are attached to any PSRs and Options granted.

The performance hurdles applying to the three most recent grants are summarised below, being the grants that occurred on 9 November 2007, 18 July 2008 and 7 November 2008.

For the grant dated 9 November 2007, for the purpose of applying performance hurdles, each grant of PSRs and each grant of Options is divided into two equal parts. One half is subject to a total shareholder return (**TSR**) performance hurdle and the other half to an earnings per share (**EPS**) hurdle.

(i) The TSR performance hurdle

On each vesting date the TSR of SAI Shares over the vesting period is independently measured. If the TSR is less than, or equal to, the 50th percentile of the TSR of shares listed in the S&P/ASX 200 Index, over the same period, none of the PSRs or Options eligible to vest will vest. If the TSR is greater than the 75th percentile of the S&P/ASX 200, all of the PSRs or Options eligible to vest will vest. For TSR outcomes between the 50th and 75th percentile, 4% of the PSRs or Options eligible to vest will vest, for each percentile, the TSR of ordinary shares in the Company, exceeds the 50th percentile of the S&P/ASX 200.

(ii) The EPS performance criteria

On each vesting date, the compound EPS growth of SAI Shares over the vesting period is calculated. If the compound EPS growth achieved over the period, is less than 8% per annum, none of the PSRs or Options eligible to vest will vest. If the compound EPS growth is equal to 8%, 30% of the PSRs or Options eligible to vest will vest. For compound EPS growth outcomes between 8% and 15% per annum, 5% of the PSRs or Options eligible to vest will vest, for each half percent of EPS compound growth above 8% per annum.

For the grants dated 18 July 2008 and 7 November 2008, the TSR performance criteria has been amended as follows. On each of the vesting dates the TSR of SAI Shares over the period between 1 July 2008 and the relevant vesting date, will be calculated:

- If this TSR is less than the 50th percentile of the TSR of shares listed in the S&P/ASX 200 Index, over the same period, none of the PSRs or options eligible to vest, will vest.
- If the TSR is equal to the 50th percentile of the S&P/ASX 200 50% of the PSRs or Options eligible to vest will vest.
- If the TSR is equal to or greater than the 75th percentile of the S&P/ ASX 200, all of the PSRs or Options eligible to vest will vest.

For TSR outcomes between the 50th and 75th percentile, PSRs or Options eligible to vest will vest proportionately on a pro rata basis for each percentile the TSR of SAI Shares in the Company exceeds the 50th percentile of the S&P/ASX 200.

The EPS performance criteria of these grants is consistent with previous grants.

At any one time, the maximum number of shares over which Options may be issued under the Executive Incentive Plan must not exceed 7,160,285 and the maximum number of shares on issue or which may be used under the Executive Incentive Plan or any other employee share plan, must not exceed 5% of the total issued share capital of the Company at any one time on a fully diluted basis.

(b) UK Sub-Plan to Executive Incentive Plan

At SAI's annual general meeting held on 20 October 2006, a new Executive Long-Term Incentive Plan and a UK Sub Plan were approved by shareholders. The sub-plan forms part of SAI's overall remuneration strategy and is a vehicle under which options can be granted to those executives domiciled for tax purposes in the United Kingdom, who are selected by the Board of Directors to participate. The plan provides the SAI Board with the ability to issue options over ordinary SAI Shares to executives who are domiciled in the United Kingdom for tax purposes, in a tax effective manner. Options issued under the UK Sub-Plan did not form part of the grants made to the CEO and SAI Executive Committee dated 9 November 2007, 18 July 2008 or 7 November 2008 (as outlined above).

(c) Performance Share Rights Plan

The Performance Share Rights Plan was created prior to the listing of SAI in December 2003. This plan formed part of SAI's overall remuneration strategy and was the vehicle under which long-term incentives were granted to those executives selected by the SAI Board to participate. However following the approval by shareholders at the Company's Annual General Meeting on 20 October 2007 of the Executive Incentive Plan and the UK Sub-Plan, no Performance Share Rights were issued under the Performance Share Rights plan for the year ended 30 June 2008.

PSRs issued in previous Financial Years were subject to performance hurdles specified at the date of each grant, in a similar manner to the operation of the Executive Incentive Plan. All grants made under this plan have been disclosed in previous Annual Reports from SAI.

(d) Employee Share Plan

A scheme under which shares may be issued by SAI to employees for no cash consideration was created prior to the listing of SAI in December 2003.

Under the scheme, eligible employees may be offered up to \$1,000 worth of SAI Shares for no cash consideration. Each share issued under the plan ranks equally with other shares.

Shares issued under the plan cannot be disposed of, dealt with or have any security interest granted over them by an eligible employee for 3 years from the date they are issued under the plan (the trading lock).

The plan complies with current Australian tax legislation, enabling permanent employees, domiciled in Australia for tax purposes, to have up to \$1,000 of free shares, in respect of an employee share scheme, excluded from their assessable income.

The plan contains provisions to adjust the number of shares held by eligible employees under the plan (before the expiry of the 3 year trading lock period referred to above) to take into account the effect of any capital reconstruction, rights issue or bonus issue.

The number of shares issued to participants in the scheme is the offer amount divided by the weighted average price at which SAI Shares are traded on the ASX during the five trading days immediately before the date of the offer.

(e) Deferred tax employee share plan

The introduction of the Deferred Tax Employee Share Plan was approved by shareholders at SAI's annual general meeting in October 2005.

SAI Directors and eligible employees are invited to elect to contribute part of their pre-tax base salary or fees to the Plan in order to acquire SAI Shares in the Company, subject to limits established by the Board from time to time. In addition, up to 100% of any short-term incentive or commission payments may be contributed to the plan to purchase shares.

At the discretion of the SAI Board, SAI may add an amount to an employee's contributions to purchase more shares for the employee's benefit. To date, no matching contributions have been made.

Employees receive any dividends on the shares, and SAI pays all administration and brokerage costs payable when shares are bought on behalf of participants. Participants are responsible for the costs, and any tax consequences, associated with selling or transferring shares. SAI Shares granted under this plan are bought on market.

(f) SAI Global UK Share Incentive Plan

The introduction of this plan was approved by shareholders at SAI's annual general meeting in October 2007. The Share Incentive Plan will was designed to enable SAI to deliver benefits to UK domiciled employees that are broadly similar to benefits provided to other employees, but modified to the extent required for the benefits to be delivered tax efficiently in accordance with applicable tax legislation in the United Kingdom. No PSRs or Options have been granted under this plan. No PSR or options are able to be granted under this plan and no free Shares have been granted under this plan.

3 Information on Espreon

3.1 Disclaimer

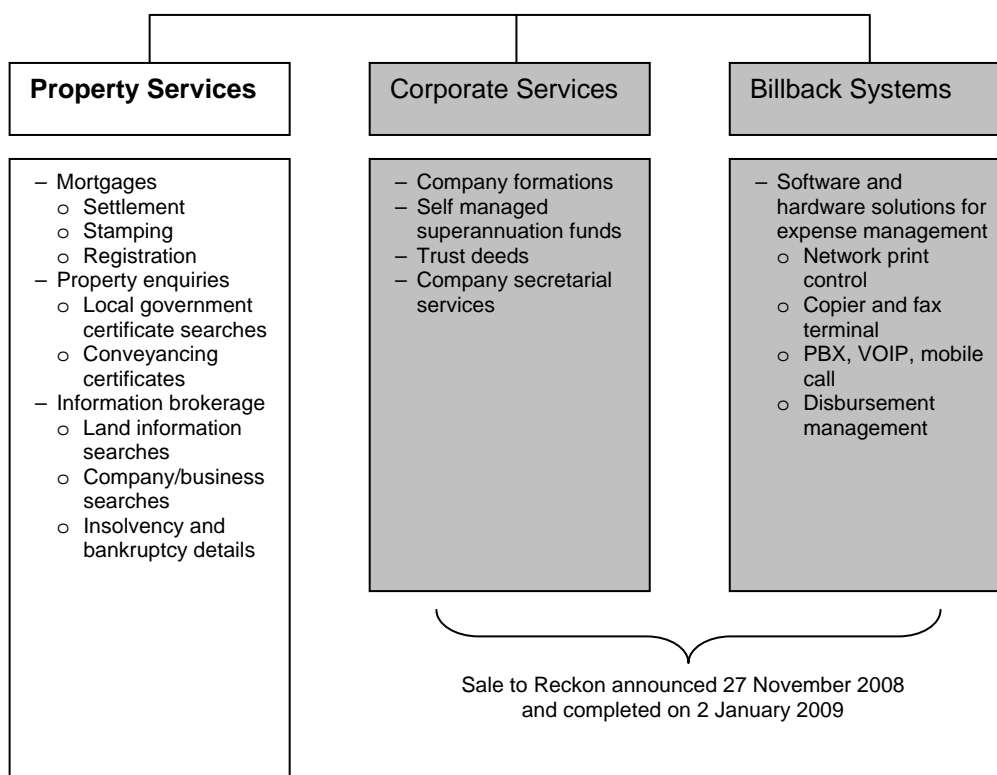
The information in this Section 3 has been prepared based on a review of limited due diligence information made available by Espreon and publicly available information concerning Espreon as at the date of this Bidder's Statement. None of that information has been verified and SAI does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information. The information should not be considered comprehensive.

Further information relating to Espreon's businesses and issued securities may be included in the Target's Statement prepared by Espreon in relation to the Offer.

3.2 Overview of Espreon

Until recently Espreon operated three main business divisions: Property Services, Corporate Services and Billback Systems. The Corporate Services and Billback divisions have recently been sold to Reckon (see section 3.3 below for more detail). In June 2006, Espreon Property Services acquired Lawpoint Pty Limited to establish itself as the leading provider of information brokerage and settlement services in Australia.

Espreon Divisions:



Property Services

Property Services is a supplier to almost all of Australia's top banks and the majority of Australia's top 200 law firms for property settlement, stamping and registration, information brokerage and property enquiries. Information brokerage services include land title searches, company and business searches and bankruptcy searches.

3.3 Sale to Reckon

Espreon announced on 27 November 2008 that it had entered into an agreement to sell the Corporate Services and Billback Systems divisions to Reckon Limited for \$18 million in cash. According to that announcement, the sale will result in Espreon writing down the carrying book value of the divisions by approximately \$22 million.

On 5 January 2009, Reckon announced that the sale had been completed on 2 January 2009.

Espreon has indicated that the sale proceeds will be used principally to reduce debt together with a realignment of financing facilities to support growth in the Property Services business.

3.4 Vectis Bid

Vectis currently holds a Relevant Interest in 19.83% of all Espreon Shares.

On 28 November 2008, Vectis announced a cash off-market takeover bid for all of the Espreon Shares. The Bidder's Statement in respect of that bid was given to Espreon and lodged with ASX on 5 December 2008.

Under the *Corporations Act*, Vectis is prohibited from disposing of any Espreon Shares it holds during the period commencing on 5 December 2008 and ending at the end of the Offer Period for its bid, unless:

- (a) a person who is not an Associate of Vectis makes an offer, or improves the consideration offered, under a takeover bid for Espreon Shares after the Vectis Bidder's Statement was given to Espreon; and
- (b) Vectis disposes of the Espreon Shares after the offer is made or the consideration is improved.

Accordingly, Vectis may accept the SAI Offer in respect of its Espreon Shares without breaching the provisions of the *Corporations Act*.

3.5 Publicly available information about Espreon

Espreon is a company listed on ASX and is subject to the periodic and continuous disclosure requirements of the Corporations Act and ASX Listing Rules. For more information concerning the financial position and affairs of Espreon, you should refer to the full range of information that has been disclosed by Espreon pursuant to those obligations.

A copy of Espreon's annual report for the financial year ended 30 June 2008 was lodged with ASX on 29 September 2008.

A list of the ASX announcements made in relation to Espreon between 30 June 2008 and the date of this Bidder's Statement is set out in Annexure 2.

Information about Espreon (including copies of financial statements) may also be obtained from Espreon's website at www.espreon.com.

3.6 Directors

The current Directors of Espreon are:

- Mr Phillip Anderson (Chairman, Independent Non Executive Director);

- Mr Roger Amos (Independent Non Executive Director);
- Mr Ian Payne (Independent Non Executive Director); and
- Ms Judi Stack (Independent Non Executive Director).

3.7 Substantial Shareholders

Based on publicly available information each of the following persons had the following substantial shareholdings in the issued ordinary share capital of Espreon on the Announcement Date.

Espreon Shareholder	Espreon Shares	%
Vectis Group Pty Ltd	18,809,139	19.83%
SAI Global Ltd	18,650,213	19.66%
LUT Investment Pty Ltd	10,662,400	11.20%
ABN Amro Bank NV, RFS Holdings BV and others (Royal Bank of Scotland, Banco Santander SA) (Vectis Group Pty Ltd has a Relevant Interest in the shareholding of this shareholder and therefore this shareholding is also represented in the disclosed substantial shareholding of Vectis Group Pty Ltd.)	9,403,538	9.91%
Thorney Pty Limited	6,359,526	6.70%
Adam Smith Asset Management Pty Ltd	4,724,137	4.98%

3.8 Capital structure

Based on publicly available information lodged by Espreon with ASX, the total number of securities in Espreon at the date of this Bidder's Statement is as follows:

- 94,851,939 ordinary shares; and
- 1,510,667 unlisted Espreon Options.

3.9 Espreon Employee Share and Options Plan

Espreon introduced new Exempt and Deferred Employee Share Plans in July 2007 (**Espreon Exempt Employee Share Plan and Espreon Deferred Employee Share Plan**). In addition, Espreon introduced a new Executive Option Plan on 10 August 2007 which replaced all prior share and options plans.

At 31 December 2008, 144,144 Espreon Shares were held under the Exempt Employee Share Plan and 279,993 Espreon Shares were held under the Deferred Employee Share Plan.

Espreon has the following Espreon Options on issue under the Espreon Executive Option Plan:

Grant date	Date of expiry	Exercise price	Number under Options
26 September 2002	26 September 2009	\$1.49	10,667
09 August 2007	23 October 2010	\$0.65	1,000,000
28 November 2008	31 December 2010	\$0.25	500,000

3.10 Effect of Offer on Espreon Employee Shares and Espreon Options

SAI understands that:

- under the Espreon Deferred Employee Share Plan, if there is a publicly announced takeover bid in relation to Espreon which the Espreon Board reasonably believes may lead to a change of control of Espreon then it must inform participants in the Plan that they may withdraw their Espreon Shares, and participants may then lodge with the plan trustee a Notice of Withdrawal of Shares at any time during the month following the date of a notice from the Espreon Board; and
- under the Executive Option Plan, each participant in the Option Plan is entitled to exercise their options within a stated period (determined by the Espreon Board) if by reason of a takeover bid any person acquires Espreon Shares which, when aggregated with the Espreon Shares already acquired by that person and its associates, comprise more than 50% of the issued Espreon Shares of the Company.

If SAI acquires a minimum of 50.1% of Espreon Shares pursuant to the Offer, holders of Espreon Options will be entitled to exercise those options in accordance with the terms of the plan.

The Offer extends to all Espreon Shares which have been issued prior to the end of the Offer Period or as a result of the exercise of Espreon Options.

If the Offer is successful and there are Espreon Options which remain unexercised at the end of the Offer Period, SAI currently intends to compulsorily acquire those options pursuant to Part 6A.2 of the Corporations Act, subject to SAI obtaining any ASIC relief required to effect such compulsory acquisition.

3.11 SAI's Relevant Interests in Espreon securities

The number of securities of each class that SAI had a Relevant Interest in (as at the dates specified) is shown below:

Class	At date of this Bidder's Statement	At date first Offer is sent
Ordinary	18,650,213	18,650,213

3.12 Bidder's voting power in Espreon

SAI's voting power in Espreon (as at the dates specified) is shown below:

	At date of this Bidder's Statement	At date first Offer is sent
Voting power in Espreon	19.66%	19.66%

3.13 Acquisition by SAI of Espreon Shares during previous four months

On 12 and 13 January 2009, SAI acquired 18,650,213 Espreon Shares (representing approximately 19.66% of Espreon Shares. Further details of this pre-bid acquisition are set out in Section 8.2.

4 Bidder's Intentions

4.1 Overview

This Section 4 sets out SAI's intentions, on the basis of the facts and information concerning Espreon that are known to SAI, in relation to the following:

- the continuation of the business of Espreon;
- any major changes to the business of Espreon and any redeployment of the fixed assets of Espreon; and
- the future employment of the present employees of Espreon.

This Section 4 sets out SAI's intentions for Espreon and considers two scenarios:

- Intentions upon acquiring 90.0% or more of Espreon Shares (enabling SAI to proceed to compulsory acquisition of outstanding Espreon Shares); and
- Intentions upon acquiring 50.1% or more, but less than 90%, of Espreon Shares.

SAI's intentions as set out in this Section 4 represent the present intentions of SAI on the basis of the information, facts and circumstances that are known to SAI at the date of this Bidder's Statement. As set out in Section 4.2, SAI intends, if it acquires a Relevant Interest in more than 90% of Espreon Shares and becomes entitled to do so under the Corporations Act, to compulsorily acquire all outstanding Espreon Shares.

Prior to implementing the intentions set out in this Section 4, SAI will conduct a review of Espreon and its business, assets and liabilities and confirm these intentions against all material information, facts and circumstances available to it at the relevant time. Consequently, the intentions expressed in this Section 4 are SAI's current intentions only and may vary as circumstances require.

4.2 Intentions upon acquiring 90% or more of Espreon Shares

SAI's intentions if it acquires a Relevant Interest in 90% or more of Espreon Shares within the Offer Period and is entitled to proceed to compulsory acquisition of the outstanding Espreon Shares are set out below.

Increase Offer price

SAI will increase the Offer consideration to 1 SAI Share for every 4.4 Espreon Shares. The increased Offer consideration will be paid to all accepting shareholders, regardless of when they accepted the Offer.

Compulsory acquisition

If SAI becomes entitled to do so under the Corporations Act, it intends to dispatch notices seeking compulsory acquisition of all outstanding Espreon Shares in accordance with the provisions of the Corporations Act.

If at the end of the Offer Period there are Espreon Options which remain unexercised, SAI intends to compulsorily acquire those Espreon Options pursuant to Part 6A.2 of the Corporations Act, subject to SAI obtaining any ASIC relief required to effect such compulsory acquisition.

ASX Listing

SAI intends to procure the removal of Espreon Shares from the Official List of ASX at the conclusion of the compulsory acquisition process.

Directors

SAI intends to replace all members of the Board of Espreon, its Subsidiaries and any company in respect of which Espreon has nominated directors, with its own nominees.

Espreon's businesses, assets and employees

SAI intends to integrate the business of SAI and Espreon as soon as possible following the successful conclusion of the Offer.

In undertaking such integration, SAI will assess the capability of the business systems of SAI and Espreon and taking a "best of breed" approach, invest in the development and integration of systems that provide an improved customer experience at a lower cost.

The integration of SAI's and Espreon's businesses is likely to generate substantial cost savings and synergies for the Combined Group. These cost savings and synergies will be generated primarily through:

- the combination of the SAI and Espreon head offices and the closure of the current Sydney head office of Espreon (see below);
- cost savings arising as a result of Espreon's removal from the Official List of ASX;
- synergies from combining various support functions; and
- rationalising operations in NSW and Victoria.

Head Office

The head offices of SAI and Espreon will be combined with a view to removing duplicated activities and costs, extracting synergies and over time operating a combined head office. The Combined Group's head office will be located at SAI's current head office and the current Sydney head office of Espreon will be closed.

Corporate Services and Billback Services

As outlined in Section 3.3, Espreon has sold the Corporate Services and Billback business to Reckon.

As a result of the sale of the Corporate Services and Billback business to Reckon, Espreon has announced that it proposes to undertake a restructuring and major re-alignment of its cost base and:

- reduce the Espreon executive;
- merge the Espreon finance teams;
- reduce the size of the Espreon board; and
- review the Espreon group executive structure.

SAI has not made any decision as to whether it will proceed with this restructure and major re-alignment. SAI currently has insufficient information in relation to this proposal to make that decision.

SAI will make a decision in relation to that proposal after it has acquired control of Espreon and after it has been able to:

- undertake a full review of all relevant information in relation to the proposal; and
- fully understand the impact of the implementation of the proposal on Espreon's business, assets and current employees.

Employees

The Combined Group's employment requirements will be reviewed in light of the operating model which is proposed to be adopted for the Combined Group.

It is recognised that there may be:

- duplication in some activities and functions; and
- some employees whose sole or principal employment is in relation to the Corporate Services and Billback Services business, who did not transfer to Reckon pursuant to the sale of that business,

which, in each case, will result in some reduction in employee numbers. This reduction may be achieved in part by natural turnover. Positions in the Combined Group will be selected on a merit basis and, where possible, employees will be reassigned and retained.

In the event of redundancies, SAI will comply with the severance and redundancy terms of all relevant employment contracts and industrial agreements or awards.

4.3 Intentions upon acquiring a minimum of 50.1% but less than 90% of Espreon Shares

SAI's intentions if it acquires a Relevant Interest in a minimum of 50.1% but less than 90% of Espreon Shares are set out below.

ASX Listing

SAI will continue the listing of Espreon on ASX as long as Espreon meets the requirements of the Listing Rules for maintaining a listing, including there being a sufficient spread of Espreon Shareholders.

Depending on the level of acceptances of the Offer, it is possible that ASX may seek to delist Espreon if, in ASX's opinion, there is an insufficient spread of shareholdings to ensure an orderly and liquid market in Espreon securities. If ASX proposes to delist Espreon on this basis, SAI's current intention is that it would not oppose this delisting.

Directors

SAI intends, subject to the Corporations Act and Espreon's Constitution, to seek to re-constitute the Board of Directors of Espreon to reflect SAI's majority ownership of Espreon. Subject to the foregoing, SAI's current intention is for the board to be comprised of the Chief Executive Officer and Chief Financial Officer of SAI together with an independent chairman.

Dividends

Espreon has only paid one dividend of \$0.01 per share since it was listed on ASX in 2004, paid on 22 March 2004. Espreon currently has no formal dividend policy. However, Espreon has stated that the Espreon Board will consider a dividend policy over the next 6 months.

SAI, through its nominees on the Espreon Board, will attempt to ensure that any dividend policy adopted by Espreon reflects an appropriate balance between ensuring that Espreon retains sufficient funds to meet its working capital requirements and the payment of dividends to shareholders.

Further acquisitions of Espreon Shares

SAI may in the future acquire further Espreon Shares in accordance with the requirements of the Corporations Act.

Espreon's businesses, assets and employees

If, after the close of the Offer, Espreon is a controlled entity but not a wholly owned subsidiary of SAI, then SAI intends to attempt to procure that the Espreon Board implements the intentions of SAI which are outlined in Section 4.2 above to the extent possible and appropriate.

Limitations on intentions

If, at the conclusion of the Offer, Espreon is a controlled entity but is not a wholly owned subsidiary of SAI, there will be minority Espreon Shareholders. In this event SAI expects that the directors appointed by it will act at all times in accordance with their fiduciary duties and intends that all requisite shareholder approvals and other requirements of law including, the Corporations Act and ASX Listing Rules, are complied with in pursuing any of the intentions which are referred to above.

As a result of these requirements the approval of minority Espreon Shareholders may be required to the implementation of any of the intentions outlined above. The requirement for Espreon directors to have regard to their fiduciary duties in the context of a partly owned subsidiary and the possible requirement to seek approval of Espreon minority shareholders may prevent a particular intention from being achieved.

4.4 Intentions generally

Subject to the above, SAI intends on the basis of the facts and information concerning Espreon which are known to it:

- to continue the businesses of Espreon;
- not to make any major changes to the businesses of Espreon or to redeploy Espreon's fixed assets; and
- to continue the employment of Espreon's present employees.

5 Financial Profiles

5.1 Introduction

This Section sets out the consolidated income statements and consolidated balance sheets for SAI and Espreon for the financial year ended 30 June 2008 on a standalone basis and a pro forma consolidated basis for the Combined Group. The pro forma financial information of the Combined Group is provided to illustrate the financial results that might have been achieved had SAI and Espreon operated as a Combined Group for the 2008 financial year.

The pro forma financial information for the Combined Group has been compiled using the SAI audited 2008 consolidated balance sheet and the SAI pro forma consolidated income statement for 2008, excluding the impact of significant items. The financial information for Espreon is presented on a pro forma basis. A pro forma adjustment has been made to the audited Espreon results presented in the 2008 annual report to reflect the recently completed sale of the Corporate Services and Billback divisions, which were operated by Espreon for the whole of the financial year ended 30 June 2008.

The pro forma financial information for the Combined Group has been presented to illustrate two situations contemplated under SAI's Offer where either:

- SAI acquires 100% of Espreon shares; or
- SAI meets, but does not exceed, the 50.1% minimum acceptance condition under the Offer.

The pro forma financial information presented here is intended to provide Espreon shareholders with an illustration of the potential financial performance and position of the Combined Group under the terms of the Offer only and does not represent a forecast. It has been based on limited due diligence information and other publicly available information as at the date of this Bidder's Statement. If the facts, circumstances or other information should prove different to that described, the conclusions may change accordingly.

5.2 Basis of preparation

The pro forma financial information has been prepared in accordance with the recognition and measurement criteria of Australian Accounting Standards with the exception of some of the recognition requirements of AASB 3 "Business Combinations" as discussed below, and has been presented in an abbreviated form. It does not contain all the disclosures usually provided in an annual report prepared in accordance with the Corporations Act.

Further details relating to the historical results of SAI and Espreon are set out in their respective audited financial statements for the year ended 30 June 2008 which can be found on the websites of each company or through the announcements made to ASX.

5.3 Synergies and cost reductions

The pro forma financial information does not include any potential synergies or cost savings arising from operating Espreon as part of the Combined Group nor any one-off integration costs that might be incurred. See Section 4 and Section 6.5(d) (below) for further discussion of potential synergies.

5.4 Financial profile of the Combined Group

(a) SAI financial information

Financial information relating to SAI refers to SAI and its subsidiaries on a consolidated basis and can be referenced to previously released results of SAI that are publicly available.

(b) Espreon financial information

The audited 2008 financial results of Espreon have been adjusted on a pro forma basis to reflect the recently announced sale of the Corporate Services and Billback divisions. The pro forma adjustments have been derived with reference to the publicly available information released by Espreon in the form of the annual and half year financial reports and other management presentations.

SAI has had limited access to information on Espreon through its financial due diligence activities including limited management interviews but has not had full access to the directors, management or staff of Espreon. SAI does not, except as required by law, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

5.5 Pro Forma Consolidated Income Statement of the Combined Group

\$m	SAI	Espreon			Combined Group		
	Pro Forma 2008	Audited ⁽¹⁾ 2008	Less Business Disposals 2008	Pro Forma 2008	Pro Forma Adjust- ments 2008	100% 2008	50.1% 2008
Revenue	243.4	138.5	(30.3)	108.2	-	351.6	351.6
Operating expenses	193.3	125.3	(24.6)	100.7	-	294.0	294.0
EBITDA	50.1	13.2	(5.7)	7.5	-	57.6	57.6
Depreciation and amortisation ⁽²⁾	14.8	3.5	(1.6)	1.9	-	16.7	16.7
EBIT	35.3	9.7	(4.1)	5.6	-	40.9	40.9
Net interest	(7.4)	(2.5)	0.1	(2.4)	1.3	(8.5)	(8.5)
Profit before income tax expense	27.9	7.2	(4.0)	3.2	1.3	32.4	32.4
Income tax expense	8.1	1.9	(1.0)	0.9	0.4	9.4	9.4
Profit for the year	19.8	5.3	(3.0)	2.3	0.9	23.0	23.0
Profit attributable to minority interests ⁽³⁾	0.1	-	-	-	-	0.1	1.7
Profit attributable to members	19.7	5.3	(3.0)	2.3	0.9	22.9	21.3

Notes

(1) Espreon Audited financial results extracted from the Espreon 2008 annual financial report

(2) No amortisation of intangible assets that will potentially be recognised as part of the fair value of acquisition - see section 5.6 (d)

(3) Minority interests in the 50.1% scenario represent the interests of the non-accepting Espreon shareholders - see section 6.5 (a)

(a) Pro Forma SAI 2008 Consolidated Income Statement

The SAI Consolidated Income Statement is presented before significant non-recurring charges after income tax of \$4.4 million as disclosed in the SAI 2008

Directors' Report. The significant items related to one-off restructuring costs, the write-off of an investment and one-off transaction costs. Profit attributable to members as disclosed in the 2008 audited financial report is \$15.3 million.

(b) Pro forma adjustments to the audited Espreon consolidated income statement

The following adjustments have been applied in deriving the Espreon pro forma consolidated income statement:

- (i) The elimination of the financial results of the Corporate Services and Billback divisions that were sold in January 2009. The results have been derived as follows:
 - (A) revenue and direct costs of each division were obtained from the segment note in the 2008 annual report of Espreon and the accompanying management presentation;
 - (B) no corporate costs have been eliminated from the Espreon pro forma consolidated income statement as a result of the disposal of the Corporate Services and Billback divisions; and
 - (C) unallocated revenue of \$0.4 million reported in the Espreon financial statements for the year ended 30 June 2008 has been included in the Espreon pro forma consolidated income statement.
- (ii) The taxation expense in relation to the pro forma financial results of Espreon has been assumed to be charged at 30%.

(c) Pro forma adjustments to the Consolidated Income Statement of the Combined Group

The following adjustments have been applied in deriving the Combined Group pro forma income statement:

- (i) \$18.0 million proceeds from the sale of the Corporate Services and Billback divisions (excluding any transaction costs incurred) have been assumed to partially offset outstanding borrowings during the year, resulting in an estimated reduction in interest expense of \$1.7 million based on the weighted average interest cost incurred during the year of 9.6%;
- (ii) \$8.7 million of debt drawn by SAI to fund the acquisition of the 19.66% stake in Espreon has been assumed to incur interest at 4.8% amounting to \$0.4 million; and
- (iii) the resulting \$1.3 million increase in net profit before tax is assumed to attract income tax at 30%.

5.6 Pro Forma Consolidated Balance Sheet of the Combined Group

\$m	SAI		Espreon		Combined Group		
	Audited ⁽¹⁾	Audited ⁽²⁾	Less Business Disposals	Pro Forma	Pro Forma Adjustments ^(3,4)	100%	50.1%
	Jun-08	Jun-08		Jun-08	Jun-08	Jun-08	Jun-08
Cash and cash equivalents	11.5	7.9	-	7.9	-	19.4	19.4
Other current assets	56.0	21.0	(7.0)	14.0	-	70.0	70.0
Total Current Assets	67.5	28.9	(7.0)	21.9	-	89.4	89.4
Intangible assets	317.1	63.9	(37.2)	26.7	22.2	366.0	339.2
Other non-current assets	30.4	4.3	(1.3)	3.0	-	33.4	33.4
Total NonCurrent Assets	347.5	68.2	(38.5)	29.7	22.2	399.4	373.6
Total Assets	415.0	97.1	(45.5)	51.6	22.2	488.8	462.0
Borrowings	2.3	2.8	(0.5)	2.3	-	4.6	4.6
Other current liabilities	80.1	16.4	(5.0)	11.4	-	91.5	91.5
Total Current Liabilities	82.4	19.2	(5.5)	13.7	-	96.1	96.1
Borrowings	140.8	24.9	(18.2)	6.6	8.7	156.1	156.1
Other non-current liabilities	17.5	1.7	(0.8)	1.0	-	18.5	18.5
Total Non-Current Liabilities	158.3	26.6	(19.0)	7.6	8.7	174.6	174.6
Total Liabilities	240.7	45.8	(24.5)	21.3	8.7	270.7	270.7
Net Assets⁽⁵⁾	174.3	51.3	(21.0)	30.3	13.5	218.1	191.3
Total Equity	174.3	51.3	(21.0)	30.3	13.5	218.1	191.3

Notes

(1) SAI Audited financial information extracted from the SAI 2008 annual financial report

(2) Espreon Audited financial information extracted from the Espreon 2008 annual financial report

(3) A full allocation of the purchase price to the fair value of the assets, liabilities and contingent liabilities acquired has not been prepared - see section 5.6 (d)

(4) Transaction and equity issuance costs have not been taken into consideration

(5) Minority interest in the 50.1% scenario represent the interests of the non-accepting Espreon shareholders - see section 6.5(a)

(a) Pro forma adjustments to the audited Espreon Consolidated Balance Sheet

The following adjustments have been applied in deriving the Pro Forma Espreon Consolidated Balance Sheet:

- (i) net assets of \$39.0 million relating to the Corporate Services and Billback divisions have been eliminated based on publicly available information and detailed management accounts information made available to SAI during due diligence; and
- (ii) \$18.0 million cash received from the sale of the Corporate Services and Billback divisions (excluding any transaction costs incurred) has been applied against outstanding non-current borrowings.

(b) Pro forma adjustments to the Consolidated Balance Sheet of the Combined Group

The following adjustments have been applied in deriving the Pro Forma Balance Sheet of the Combined Group:

- (i) the 19.66% stake in Espreon acquired by SAI for \$8.7 million has been funded out of existing debt facilities; and

- (ii) total intangible assets of \$48.9 million (an increase of \$22.2 million) arise based on the cost of acquisition and the fair value of the net tangible assets acquired, which have been wholly attributed to goodwill.

(c) Value of SAI's Offer

Ultimately, the value of SAI's Offer will depend on the SAI Share price at the date of acquisition. For the purposes of calculating SAI's acquisition cost of Espreon, the following assumptions have been made under the two scenarios where:

- (i) SAI acquires 100% of Espreon shares; and
- (ii) SAI meets, but does not exceed, the 50.1% minimum acceptance condition under the Offer.

SAI has already acquired 19.66% of Espreon's shares for cash consideration of \$8.7 million.

Under scenario (i) SAI is assumed to acquire the remaining 80.3% of Espreon's issued capital, as well as shares to be issued on exercise of 500,000 options (equating, in total, to 76.7 million shares) by offering 1 SAI Share for 4.4 Espreon Shares. This equates to the issue of approximately 17.4 million SAI Shares at a price of \$2.50 totalling \$43.6 million. Based on Espreon's pro forma net assets of \$30.3 million the difference between the cost of the acquisition of 100% of Espreon shares (\$52.3 million) and the fair value of the net tangible assets acquired gives rise to total intangible assets of \$48.9 million, which have been wholly attributed to goodwill.

The total number of SAI Shares on issue after the transactions assumed as described above would be 162.2 million.

Under scenario (ii) SAI will acquire an additional 30.5% of Espreon's issued capital including shares to be issued on exercise of 500,000 options, equating to, in total, 28.9 million shares by offering 1 SAI Share for 4.8 Espreon Shares. This equates to the issue of approximately 6 million SAI Shares at a price of \$2.50 totalling \$15.1 million. Based on Espreon's pro forma net assets of \$30.3 million and the cost of acquiring 50.1% (\$23.8 million), total intangible assets as a result of the transaction will be \$22.1 million which has been wholly attributed to goodwill.

The total number of SAI Shares on issue after the transactions assumed as described above would be 150.7 million.

For the purposes of determining the acquisition consideration in scenarios (i) and (ii) above, the SAI closing share price of \$2.50 as at 9 January 2009 (the last day on which trading in SAI Shares occurred prior to the Announcement Date) has been used and no transaction costs have been included. Under AASB 3 Business Combinations SAI is required to use the share price prevailing at the actual date of acquisition plus relevant transaction costs to calculate the cost of acquisition. As a result the cost of acquisition is likely to be different to that presented in the pro forma Financial Information shown in Section 5 and this will have an equal impact on the amount of goodwill or other intangible assets that will be recognised.

(d) Purchase Price Allocation

Under Australian Accounting Standards SAI will be required to ascertain the fair value of all assets, liabilities and contingent liabilities acquired. SAI will have 12 months from the date of acquisition to complete its acquisition accounting.

It has not been possible to perform such a detailed exercise for the purposes of presenting the pro forma Consolidated Balance Sheet of the Combined Group and therefore the premium arising on the acquisition of Espreon has been allocated to goodwill. Any adjustment to the fair values of the Espreon assets, liabilities and contingent liabilities acquired, including associated tax adjustments, will have an equal and opposite impact on the goodwill recorded on acquisition.

5.7 Financial forecasts

The SAI Directors have carefully considered whether they have a reasonable basis to produce reliable and meaningful forecast information for the Combined Group and have concluded that they do not have a reasonable basis to provide forecast financial information that is sufficiently meaningful and reliable for Espreon Shareholders.

The Combined Group's performance in any period will reflect a number of factors that cannot be predicted with a high level of confidence and are outside its control. These factors include future economic conditions in Australia and risk factors as outlined in Section 6. SAI has provided guidance on performance for its own business to date which is summarised on page 6 of the Bidder's Statement which refers to the improved performance for the six months ended 31 December 2008 and the outlook statement for SAI for the 2009 financial year contained at Section 1.6.

All of the above factors might have significant impacts on assumptions relating to the Combined Group revenue, cost and impairment drivers which are subject to significant volatility and uncertainty. For these reasons, the risk that Espreon Shareholders may be misled by such information outweighs the potential value of that information to Espreon Shareholders.

6 Risk Factors

6.1 Introduction

If you accept the Offer (unless you are a Foreign Espreon Shareholder), you will receive SAI Shares as consideration for Your Espreon Shares. It is therefore important for you to be aware of risks that may have an adverse impact on the financial performance of SAI and the value of SAI Shares, including those that:

- apply to investments generally;
- apply generally to SAI and/or Espreon and will continue to apply generally to SAI;
- apply, and will continue to apply, specifically to the business of SAI; and
- arise, or may arise, from the Offer.

Some of the specific risks can be mitigated by the use of safeguards and appropriate controls whilst others are likely to remain outside the control of SAI.

Additional risks not presently known to SAI or, if known, that are not presently considered material, may also have an adverse impact.

In deciding whether to accept the Offer, you should read this Bidder's Statement in its entirety and carefully consider the risks outlined in this Section and elsewhere in this Bidder's Statement.

6.2 Risks that apply to investments generally

The financial performance of SAI and the value of SAI Shares will fluctuate due to various factors including movements in the Australian and international equity markets, recommendations by brokers and analysts, interest rates, inflation, Australian and international economic conditions, changes in government, fiscal, monetary and regulatory policies, prices of commodities (including oil), global geo-political events and hostilities and acts of terrorism, investor perceptions and other factors that may affect SAI's financial position and earnings. In future, these factors may cause SAI Shares to trade below current prices and may affect the revenues and expenses of SAI.

6.3 General risks relating to the SAI Group

The financial performance of the SAI Group may be affected by a number of factors common to public companies generally or common to companies operating in the industries in which the SAI Group operates. These factors include:

- movements in the Australian and international equity markets;
- movements in foreign currency exchange rates;
- the liquidity of the market for SAI Shares;
- the level of interest and inflation costs;
- the level of borrowing, if any, which SAI undertakes;
- general economic conditions; and

- government, fiscal, monetary and regulatory policies.

You should be aware that the price at which SAI Shares are traded on the ASX may fall below the net asset backing of those SAI Shares. The constitution of SAI does not require the SAI Board to implement a share buy-back or any other capital reconstruction or to take any remedial action in those circumstances.

SAI has a consistent history of paying dividends since it listed on ASX in December 2003. However, there is no guarantee or assurance that dividends will be paid in the future or that they will be at similar levels to prior periods.

The ability of SAI to pay or frank dividends is dependent on a number of issues, the most important of which are SAI's cash flow, profit and the amount of tax paid on that profit. SAI's ability to pay or frank dividends is affected by a number of factors, including:

- the profitability of SAI;
- the working capital requirements of SAI from time to time;
- the level of borrowings, if any, that SAI has and the consequent interest charged; and
- the amount of Australian income tax paid or payable by SAI.

The SAI Board expects to frank dividends to the extent that available franking credits permit. Under the current tax system, generally speaking, SAI receives franking credits in respect of franked dividends which it receives and also from tax payments which it makes on unfranked dividends and other taxable income.

6.4 Specific risk factors relating to SAI

- **Publishing Licence Agreement**

The relationship between SAI and Standards Australia is governed by contractual arrangements including a Publishing Licence Agreement ("PLA") dated November 2003.

As announced to ASX on 22 July 2008, SAI has initiated proceedings involving Standards Australia Limited concerning the commercial-in-confidence PLA as it applies to "Australian Standards" developed by bodies that have been accredited by Standards Australia, known as accredited Standards Development Organisations (**SDOs**).

The issue concerns the publication and distribution rights for Australian Standards developed by SDOs in connection with which they have been licensed by Standards Australia to use as its "Australian Standard" trade mark or brand.

Revenues derived from accredited SDOs currently represent a small proportion of SAI's total revenue. For the financial year ended 30 June 2008, this revenue amounted to less than \$100,000 out of total group revenue in excess of \$240 million. Further, this matter does not affect any aspect of the guidance note for financial year 2008/2009 issued by SAI on 21 July 2008.

Nevertheless, SAI considers that the exclusive publishing rights to publish all Australian Standards (including those developed by accredited SDOs) should be protected. Consequently, SAI has initiated the arbitration to seek clarification in respect of the rights granted to it under the PLA.

The term of the PLA expires on 17 November 2018. On expiry SAI has an option to renew for a further term of 5 years, subject to certain conditions. There is a risk that upon its expiry in 2018, the PLA may not be renewed on current terms.

If the PLA is deemed not to apply to Australian Standards developed by SDOs, or if it is not renewed on current terms in 2018, this may have an effect on SAI's Publishing Division's financial position and/or performance.

- **Downturn in the property market**

SAI's acquisition of Espreon will increase SAI's exposure to the Australian property market. A further fall in that market could have an impact on the financial performance of the business.

- **Debtors Risk**

Through its Assurance and Publishing businesses SAI is exposed to a larger number of relatively small clients. In the current economic environment, some of these could come under financial stress and delay or default on payments due.

- **Sector Weakness**

SAI's Assurance Division operates across a broad range of business sectors some of which, such as the automotive sector, are showing signs of weakness in the current economic environment. This weakness could have an impact on SAI's results in the future.

- **Impairment Risk**

SAI has expanded its business through acquisition and consequently a significant proportion of its assets are intangible and subject to annual impairment. While no need to write down the carrying value of assets currently exists, any future write downs could affect earnings and the ability to pay dividends.

- **Litigation and Claims**

Having regard to the nature of its businesses, SAI may be subject to litigation from time to time. SAI will endeavour to manage its litigation risk through insurance and commercial practices, however the removal of all risk is not commercially possible. A large number of businesses rely on information and services provided by SAI to its customers, for example representations of compliance with safety, performance or other regulatory requirements. SAI may be the subject of litigation which could have a significant adverse effect on the financial position, financial performance, cash flows, ability to pay dividends and share price of SAI.

- **Loss of Value of Intellectual Property**

A large proportion of SAI's property is in the form of intellectual property, namely copyright. Whilst such property is afforded protection under the law, infringements are not always easily identified, making protection and enforcement difficult. Unauthorised reproductions of SAI's copyright may reduce the value of SAI's intellectual property.

- **Foreign exchange risk**

SAI operates internationally and is exposed to foreign exchange risk arising from exposures to overseas jurisdictions predominantly the US dollar, Canadian dollar, British pound and the Euro.

SAI manages the foreign exchange risk through the use of natural hedges to the maximum extent possible. This is achieved by funding foreign acquisitions in the currency that best matches the currency of the underlying net assets acquired.

SAI has not entered into any derivative instruments for the purposes of managing foreign exchange risk. SAI does not currently hedge projected earnings streams in foreign currencies.

A translation risk therefore exists on translating the financial statements of SAI's foreign operations into Australian dollars for the purposes of reporting consolidated financial information. As a result, volatility in foreign exchange rates can impact both SAI's net assets through movements in the foreign currency translation reserve, and the reported net profit for the period.

6.5 Risks that arise from the Offer

(a) Acquisition of less than 100% of Espreon Shares

Because the Offer is conditional on SAI acquiring a Relevant Interest in a minimum of 50.1% (by number) of Espreon Shares, it is possible that SAI will not acquire at least 90% (by number) of Espreon Shares (thereby not gaining any entitlement to compulsorily acquire all outstanding Espreon Shares and, subject to the requirements of the Corporations Act, other Espreon securities).

The impact on the Combined Group of SAI acquiring 50.1% or more but less than 100% of Espreon Shares will depend on the ultimate level of ownership acquired but, in any event, the existence of a minority interest in Espreon may have an impact on the Combined Group's capacity to realise synergies from the acquisition of Espreon and to implement the intentions described in Section 4.

(b) Issue of SAI Shares as consideration

The consideration being offered to Espreon Shareholders under the SAI Offer is a specified number of SAI Shares. The market value of SAI Shares at the time at which they are received by Espreon Shareholders may vary from their market value on the date that Espreon Shareholders accept the Offer. As a result, the value of the Offer will change as a consequence of movements in the market price of SAI Shares.

SAI will issue SAI Shares to Espreon Shareholders who accept the Offer. Some Espreon Shareholders may not wish to retain the SAI Shares that they receive under the Offer and may subsequently sell them on ASX. If such sales are substantial, there may be an oversupply of the SAI Shares which may have an adverse effect on the market price of SAI Shares while any oversupply persists.

(c) Change in control

Espreon is a party to at least one customer agreement and one licence agreement that contain change of control or pre-emptive rights provisions that will be triggered if, following completion of the Offer, SAI acquires control of Espreon. In addition, Espreon's facility agreement with CBA Corporate Services contains an event of default for a change of control of Espreon. The operation of these provisions could have adverse consequences for Espreon (such as the loss of major contracts or assets, increased costs or the need to renegotiate financings).

These provisions may be waived with the consent of the other party, and SAI may seek to obtain such waivers.

(d) Synergies and risk

There are risks that any integration between the businesses of SAI and Espreon may take longer than expected and that anticipated efficiencies and benefits of that integration may be less than estimated. These risks include possible differences in the management culture of the two groups, inability to achieve synergy benefits and cost savings, and the potential loss of key personnel. In addition, SAI and Espreon have different technology platforms that will need to be integrated over time. The costs and time taken to integrate technology may be greater than anticipated.

(e) Limited due diligence

In preparing the information on Espreon in the Bidder's Statement, SAI has relied on limited due diligence information provided by Espreon and publicly available information as at the date of this Bidder's Statement. SAI has not been able to verify the Espreon information included in this Bidder's Statement, and any inaccuracy in the Espreon information could adversely affect the anticipated results of operations of the SAI Group. As only limited due diligence was able to be carried out on Espreon risks may exist of which SAI is unaware. If any material risks are known to the Espreon Directors, they will need to be disclosed in the Target's Statement to be issued by Espreon in response to this Bidder's Statement.

(f) Loss of key staff

It is possible that there will be some unintended loss of key staff leading up to and following the acquisition by SAI of a controlling interest in Espreon. This is a risk factor until any skills that are lost are adequately replaced.

(g) Minority shareholders in Espreon

If you do not accept the Offer and the Offer becomes unconditional, you may, depending on the level of acceptance of the Offer, become part of a locked-in minority in Espreon. In such a case, the liquidity of Espreon Shares may be significantly diminished.

7 Taxation Implications



Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001
Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

The Board of Directors
SAI Global Limited
286 Sussex Street
SYDNEY NSW 2000

9 January 2009

Dear Directors

Australian Income Tax Implications for Espreon Shareholders

1. Introduction

This document is prepared for the purpose of inclusion in the Bidder's Statement and is based on the facts contained therein.

This document contains a general description of the anticipated Australian income tax consequences and GST consequences for an Australian resident Espreon Shareholder who accepts the Offer made by the Bidder. The comments set out below only concern an Australian resident taxpayer who holds Espreon Shares.

These comments are not exhaustive of all possible Australian income tax considerations that could apply to particular Shareholders. In particular, these comments do not address all tax considerations applicable to Espreon Shareholders that may be subject to special tax rules, such as banks, insurance companies, tax exempt organisations, superannuation funds, dealers in securities or temporary residents of Australia. Espreon Shareholders who are not resident in Australia for tax purposes should take into account the tax consequences under the laws of their country of residence, as well as under Australian law, of acceptance under the Offer.

These comments do not consider the income tax consequences on the disposal of options or Espreon Shares acquired on the exercise of Espreon Options. Holders of such Shares or Espreon Options should seek independent tax advice. These comments do not consider the taxation consequences of holding or otherwise disposing of SAI Shares. If the holders of Espreon Shares have any questions about the financial or taxation aspects of holding or disposing of SAI Shares, then they should consult a suitably qualified adviser, prior to making a decision whether or not to accept the Offer for their Espreon Shares.

These comments are based upon the income tax law in effect at the date of this document and do not otherwise take into account or anticipate changes in the law, whether by way of judicial decision or legislative action, nor does it take into account tax legislation of countries apart from Australia.

Liability limited by a scheme approved
under Professional Standards Legislation¹



2. Income Tax Consequences of Disposal

If an Espreon Shareholder accepts the Offer and the conditions of the Offer are satisfied, they will dispose of their Espreon Shares.

The Australian income taxation consequences for Espreon Shareholders who accept the offer will be dependent upon a number of factors, including:

- whether the Espreon Shareholder holds their shares on capital or revenue account or as trading stock;

Each Espreon Shareholder will need to determine which category they fall into. The Australian income tax consequences of accepting the offer for each Espreon Shareholder will differ depending on which category of ownership applies to them.

- the tax residency of the Espreon Shareholder (i.e. whether Australian resident or not); and
- whether SAI obtains acceptances for 80% of the Espreon shares.

2.1 Shares Held on Capital Account

Espreon Shareholders who hold Espreon Shares as passive investments with the intention of generating dividend income and long term capital growth are likely to be considered to hold their shares on capital account for tax purposes.

Espreon Shareholders who acquired, or were deemed to have acquired, their Espreon Shares on or after 20 September 1985 may be subject to the Australian regime for taxing capital gains. The exchange of Espreon Shares pursuant to this Offer will involve the disposal by Espreon Shareholders of their Espreon Shares by way of transfer to SAI Limited. This change in the ownership of the Espreon Shares will constitute a CGT event for Australian capital gains tax purposes.

To the extent that the value of the consideration received (being the market value of the SAI Shares) is greater or less than the cost base an Espreon Shareholder has in their Espreon Shares, a capital gain or capital loss may result.

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

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

2.1.1 Scrip for Scrip Rollover Relief

If a capital gain is made by an Espreon Shareholder as a result of accepting the Offer and the other conditions of scrip for scrip are satisfied, they may be eligible for tax relief upon the disposal of their Espreon Shares under the scrip for scrip rollover provisions.

The scrip for scrip rollover provisions do not apply where an Espreon Shareholder realises a capital loss on acceptance of the Offer.

If, as a result of the Offer, SAI acquires 80% or more of the Espreon Shares, Espreon Shareholders who are Australian residents and who would make a capital gain from their disposal of Espreon Shares may choose a partial rollover (subject to the below comments) under which that part of a capital gain which is attributable to the SAI Shares received will be disregarded and effectively deferred until they dispose of the SAI Shares which they acquire in exchange for their Espreon Shares. If the condition that SAI acquires 80% of more of the Espreon Shares is not satisfied, then the scrip for scrip rollover relief is not available.

Given that the Offer is conditional on SAI having a relevant interest in more than 50.1% of Espreon Shares by the end of the Offer Period, scrip for scrip rollover relief may not be available if there is less than 80% acceptance of the Offer. We understand SAI will advise shareholders whether there is at least 80% acceptance of the Offer.

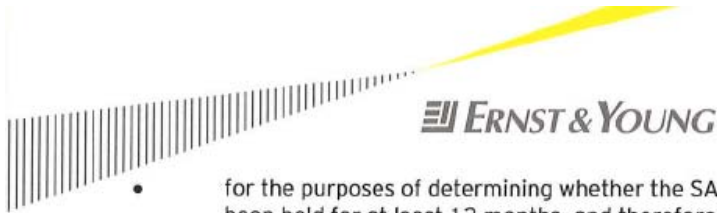
It should be noted that other pre-conditions are also required to be satisfied before rollover relief will be available. We believe that in respect of Australian resident shareholders the pre-conditions for rollover should be capable of satisfaction. Each Shareholder should however seek his or her own independent confirmation of this.

If the pre-conditions for scrip for scrip rollover relief are satisfied, then the Espreon Shareholders who elect for it to apply should not be required to include any amount of capital gain in their assessable income in respect of the disposal of their Espreon Shares.

In assessing the benefit of this rollover relief, Espreon Shareholders should note that the rollover provides a deferral of the capital gains tax liability and not a permanent reduction.

Espreon Shareholders will generally need to choose scrip for scrip rollover relief before lodging their income tax return for the income year in which the CGT event happens. For Espreon Shareholders who are individuals, this is expected to be for the income year ended 30 June 2009. Choosing scrip for scrip rollover relief in the case of an individual can simply be evidenced by excluding the relevant capital gain, in respect of which rollover relief is chosen, from the individual's income tax return. It is prudent to keep a record of the election to exclude the relevant capital gain.

If an Espreon Shareholder is eligible for scrip for scrip rollover relief, and chooses for it to apply, then:



- for the purposes of determining whether the SAI Shares issued under this Offer have been held for at least 12 months, and therefore potentially eligible for a Discount Capital Gain on any subsequent disposal of the SAI Shares issued under this Offer, those SAI Shares will be taken to have been acquired at the time the Espreon Shares were originally acquired; and
- the capital gains tax cost base and reduced cost base of the SAI Shares issued under this Offer will be determined on the basis of a reasonable apportionment of the cost base and reduced cost base of the Espreon Shares disposed of by the accepting Espreon Shareholder.

2.2 *Shares Held on Revenue Account*

Espreon Shareholders who acquired their Espreon Shares with the dominant purpose of reselling them at a profit may be considered to hold their shares on revenue account for Australian income tax purposes.

Where this is the case, any gain or loss realised on disposal of the Espreon Shares (determined based on the market value of the SAI Shares received) will be assessed as ordinary income or claimed as a revenue deduction.

The scrip for scrip rollover relief provisions for Espreon Shares are unlikely to be available to Espreon shareholders holding their Espreon shares on revenue account. The Discount Capital Gain will also not be applicable.

2.3 *Shares Held as Trading Stock*

Espreon Shareholders, who are engaged in the business of share trading, whereby they regularly acquire shares and hold them with a view to making short-term profits through sale or exchange in the ordinary course of carrying on a business, would hold the Espreon shares as trading stock.

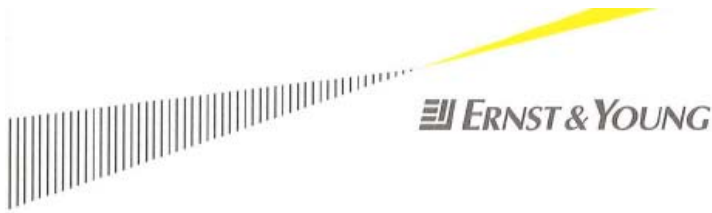
Where this is the case, any proceeds received from the sale arising from the Offer (being the market value of the SAI Shares received) will be included in assessable income in these circumstances.

The scrip for scrip rollover relief provisions will not be available to Espreon Shareholders holding their Espreon shares as trading stock. The Discount Capital Gain will also not be available.

3. **Goods and services tax ("GST")**

Espreon Shareholders who accept the Offer and who are registered, or required to be registered, for GST in Australia will also need to consider whether there is a GST impact to them.

A supply of shares is an input taxed (exempt) supply for GST purposes. Consequently, the disposal of Espreon Shares to SAI will not give rise to any GST liability.



However, any GST on costs associated with the sale or acquisition of shares may become a cost to the Espreon Shareholder. This is because GST incurred on costs that relate to the making of input taxed supplies are not generally recoverable as input tax credits. However, any impact will be dependent upon the level of costs associated with the sale and the individual Espreon Shareholder's own GST status. As special rules exist which may allow partial or possibly full input tax credits in certain circumstances, each Espreon Shareholder should obtain their own advice.

No GST should generally be payable in respect of the exchange of Espreon Shares or the acquisition of new SAI Shares.

There may be an indirect GST cost in relation to GST charged on supplies related to the exchange of shares (eg, legal and other adviser fees paid to obtain advice on whether to accept the Offer).

* * * * *

Our advice is general in nature and the individual circumstances of each Espreon Shareholder may affect the taxation implications of the investment of that Espreon Shareholder. Espreon Shareholders should seek appropriate independent professional advice that considers the taxation implications in respect of their own specific circumstances.

Yours faithfully


Justin Howse
Partner - Taxation

8 Additional Information

8.1 Bid Implementation Deed

The Bid Implementation Deed was entered on 13 January 2009.

A summary of certain key terms of the Bid Implementation Deed is set out below:

(a) Takeover Bid

SAI agrees to make the Offer to Espreon Shareholders at the Offer Price. The parties agree that they will each release an announcement in the agreed form stating that the Espreon Directors will unanimously recommend the Offer to Espreon Shareholders subject only to:

- there being no Superior Proposal;
- an independent expert's report concluding that the Offer is fair and reasonable; and
- the SAI value (being the volume weighted average sale price of SAI Shares traded on ASX over any five consecutive Business Days of the date of the Bid Implementation Deed) (**SAI Scrip Value**) not falling below the low end of the range of values for an Espreon Share as set out in the independent's expert's report.

(b) Exclusivity

Espreon, has agreed for the period commencing on the signing date until the earlier of termination of the Deed or the date 6 months after the date of the Deed (the **No Shop Period**), that:

- (i) it will not directly or indirectly solicit, invite, facilitate, encourage or initiate with a view to obtaining any expression of interest, offer or proposal (other than Vectis) in relation to a Competing Transaction;
- (ii) it will not continue or participate in negotiations or discussions with any other person (other than Vectis) regarding a Competing Transaction; and
- (iii) it will not solicit, initiate or permit any party to undertake a due diligence investigation or permit any person to receive any non-public information (other than Vectis).

(c) Notification of other approaches

Espreon has agreed that during the No Shop Period it will immediately inform SAI if Espreon is approached in relation to a proposal or proposed Competing Transaction. In the event that:

- (i) a Superior Proposal is made or announced; or
- (ii) the Independent Expert's Report regarding the Offer does not conclude that the Offer is fair and reasonable; or
- (iii) the SAI Scrip Value falls below \$2.16,

SAI has two Business Days to improve the terms of the Offer and the Espreon Board must consider in good faith any such improvement in the Offer in determining whether to withdraw or change its recommendation.

(d) Break fee

Espreon is required to pay a break fee of \$450,000, inclusive of GST to SAI if:

- (i) any director of Espreon fails to recommend the Offer to Espreon Shareholders or if any Espreon director publicly withdraws or varies his or her recommendation; or
- (ii) a Competing Proposal is announced and the proponent acquires a Relevant Interest in at least 50% of Espreon Shares or the Competing Proposal is publicly recommended by the Espreon Board; or
- (iii) SAI terminates the Deed as a result of a material breach by Espreon of its obligations under the Deed.

The Break Fee is not payable if an Espreon Director fails to recommend the Offer, publicly withdraws or varies a prior favourable recommendation or recommends a Competing Proposal, in any of the following circumstances:

- (i) Espreon is entitled to terminate the Deed as a result of material breach by SAI; or
- (ii) the independent expert's report regarding the Offer does not conclude that the Offer is fair and reasonable and no other person becomes the holder of a Relevant Interest in more than 50% of Espreon Shares which are on issue; or
- (iii) the Bidder Scrip Value falls below \$2.16 and no other person becomes the holder of a Relevant Interest in more than 50% of Espreon Shares which are on issue.

(e) Termination

- (i) The Bid Implementation Deed may be terminated by notice:
 - (A) by either party if the other party is in material breach of the Deed and that breach has not been remedied within 5 Business Days of receiving notice from the other party of the breach and the other party's intention to terminate;
 - (B) the Bid lapses for any reason including non-satisfaction of a Condition or if the independent expert's report does not conclude that Offer is fair and reasonable; and
 - (C) the independent expert does not conclude that the Offer is fair and reasonable.
- (ii) SAI may terminate the Deed by immediate notice to Espreon if any of the events which result in the break fee being payable occur.

(f) Terms and Conditions

The terms of the Offer including the conditions as set out in the Bid Implementation Deed are reflected in this Bidder's Statement.

8.2 Pre-bid acquisition

On 12 and 13 January 2009, SAI acquired 18,650,213 Espreon Shares (representing approximately 19.66% of Espreon Shares from the custodians of Hunter Hall Value Growth Trust, Australian Value Trust and Hunter Hall Global Value Limited. This was effected through off-market transfers. The consideration per Espreon Share was \$0.47 and this was paid in cash at completion.

8.3 ASIC modifications

SAI has not obtained from ASIC any modifications of or exemptions from the Corporations Act in relation to the Bid. SAI may rely on class order relief granted by ASIC which applies generally to all persons, including SAI.

SAI has relied on the modification to Section 636(3) of the Corporations Act set out in ASIC Class Order 01/1543 "Takeover Bids" to include references to certain statements which are made or based on statements made in documents lodged with ASIC or ASX. Pursuant to this Class Order, the consent of the relevant person is not required for the inclusion of such statements in this Bidder's Statement. As required by Class Order 01/1543, SAI will make available a copy of these documents (or of relevant extracts from these documents), free of charge, to you and other Espreon Shareholders who request it during the Bid Period. To obtain a copy of these documents (or the relevant extracts), you may telephone the SAI Offer Information Line on 1800 262 299 (toll-free for calls made within Australia) or +61 8280 7789 (for calls made from outside Australia) from Monday to Friday between 8:30am and 5:30pm (Sydney time).

SAI has relied on ASIC Class Order 00/344 "Changes to a Bidder's Statement between lodgment and despatch" to despatch a replacement Bidder's Statement, that incorporates all of the changes in the Supplementary Bidder's Statement, to Espreon Shareholders.

SAI has relied on the modification to Section 617(2) of the Corporations Act as set out in ASIC Class Order 01/1543 "Takeover Bids" to extend the Offer to all Espreon Shares, including those issued as a result of the exercise of Espreon Options between the Register Date and the end of the Offer Period.

SAI has relied on the modification to Section 621 of the Corporations Act as set out in ASIC Class Order 00/2338 "Relief from the Minimum Bid Price Principle" to allow a valuation of the SAI Shares offered as consideration, after the date of this Bidder's Statement.

8.4 Offer extends to new Espreon Shares

For the purposes of Section 633(2) of the Corporations Act, the date for determining the persons to whom information is to be sent in items 6 and 12 of Section 633(1) of the Corporations Act is the Register Date (being 14 January 2009).

The Offer extends to persons who become registered, or entitled to be registered, as the holder of Espreon Shares prior to the end of the Offer Period due to the exercise of the Espreon Options.

Section 3.10 sets out SAI's understanding, based on documents provided by Espreon to ASX, of the rights of the holders of Espreon Options in relation to the Offer.

8.5 Broker commissions

SAI may offer to pay a commission to brokers who solicit acceptances of the Offer from their clients, but it has made no final decision in relation to the matter at this stage.

Any commission payments will be paid only in respect of parcels of Espreon Shares held by retail shareholders who accept the Offer.

If a commission is offered, commission payments will not exceed 0.75% of the value of the consideration payable to a retail shareholder who accepts the Offer, and will be subject to minimum payments (not exceeding \$50) and maximum payments (not exceeding \$750) for each acceptance.

If a commission is offered, it will be payable only to brokers and will be subject to the condition that no part of the fee will be able to be passed on or paid to Espreon Shareholders.

It is SAI's intention that, if and when an offer of commission has been made to any broker by SAI, the commission arrangement will remain in place for the balance of the Offer Period and the amount of the commission offered will not be increased during the Offer Period.

8.6 Foreign Espreon Shareholders

If you are a Foreign Espreon Shareholder, you will not be entitled to receive SAI Shares as consideration for the sale of Your Espreon Shares by reason of your acceptance of the Offer. However, if you accept the Offer, SAI will:

- arrange for the allotment to the Nominee of the number of SAI Shares to be issued in accordance with the Offer to which you and all other Foreign Espreon Shareholders would have been entitled but for Section 9.10(a);
- cause those SAI Shares so allotted to be offered for sale by the Nominee on ASX within 30 days after the end of the Offer Period; and
- pay to you the proceeds of sale as determined under the proceeds of sale formula set out in Section 9.10(a)(v).

Payment will be made by cheque in Australian currency drawn on an Australian bank. The cheque will be posted to you at your risk to your address as shown on the Register at the Register Date. You will not be paid interest on the proceeds of sale, regardless of a delay in remitting these proceeds.

Notwithstanding anything else contained in this Bidder's Statement, SAI is not under any obligation to spend any money, or undertake any action, in order to satisfy itself of the eligibility or ineligibility of Foreign Espreon Shareholders to receive SAI Shares.

8.7 Regulatory and legal matters

SAI is not aware of any Espreon Shareholder who requires any approval or clearance, in accordance with the statutory requirements below, in order to be entitled to receive any consideration under the Offer.

So far as SAI is aware, unless the Reserve Bank of Australia has given specific approval under the Banking (Foreign Exchange) Regulations 1959 (Cth), payments or transfers to, or for the order of, prescribed governments (and their statutory authorities, agencies and entities) and, in certain cases, nationals of prescribed countries, are subject to certain limited exceptions, restrictions or prohibitions. Based on SAI's searches, the prescribed governments, countries and entities are as follows:

- specified supporters of the former Government of the Federal Republic of Yugoslavia;
- specified ministers and senior officials of the Government of Zimbabwe;

- certain specified entities associated with the Democratic Peoples Republic of Korea (North Korea); and
- specified individuals associated with the Burmese Regime.

The places to which and persons to whom the Charter of the United Nations (Terrorism and Dealing with Assets) Regulations 2002 (Cth) currently apply include the Taliban, Usama bin Laden (also known as Osama bin Laden), a member of the Al-Qaida organisation (also known as the Al-Qaeda Organisation) and any person named on the list maintained pursuant to paragraph 2 of Resolution 1390 of the Security Council of the United Nations.

The places to which and persons to whom the Charter of the United Nations (Sanctions-Afghanistan) Regulations 2001(Cth) currently apply include a Bin Laden entity and a Taliban entity (as those terms are defined in those regulations).

The Iraq (Reconstruction and Repeal of Sanctions) Regulations 2003 (Cth) apply in respect of assets of the previous government of Iraq and assets removed from Iraq or acquired by senior officials of the previous government of Iraq or their immediate families, and any entity owned or controlled by such persons.

8.8 No collateral benefits

Neither SAI nor any Associate of SAI has in the four months before the date of this Bidder's Statement given, offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person or an Associate of the person to accept the Offer or to dispose of Espreon Shares, being a benefit not offered to all Espreon Shareholders under the Offer.

Neither SAI nor any Associate of SAI has during the period between the date of this Bidder's Statement and the date the first Offer is made under the Bid, given, offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person or an Associate of the person to accept the Offer or to dispose of Espreon Shares, being a benefit not offered to all Espreon Shareholders under the Offer.

8.9 Disclosure of interests of SAI Directors

(a) Interests in SAI Shares

The SAI Directors have Relevant Interests in the following SAI Shares and other securities at the date of this Bidder's Statement:

SAI Director	SAI Shares	Performance Share Rights	Options
Robert Wright	32,112	-	-
Tony Scotton	327,716	235,948	317,014
Anna Buduls	36,140	-	-
John Murray AM	10,582	-	-
Peter Day	10,000	-	-

SAI Director	SAI Shares	Performance Share Rights	Options
Andrew Dutton	-	-	-

(b) SAI Directors' interests in Espreon securities

No SAI Director has a Relevant Interest in Espreon Shares at the date of this Bidder's Statement

No SAI Director has acquired or disposed of Espreon Shares in the four months preceding the date of this Bidder's Statement.

8.10 Disclosure of interests of certain persons

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

- director or proposed director of SAI;
- person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement;
- promoter of SAI; or
- broker or underwriter to the issue of SAI Shares,

holds at the date of this Bidder's Statement or held at any time during the last two years, any interest in:

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

8.11 Disclosure of fees and benefits received by certain persons

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

- to a director or proposed director of SAI to induce them to become, or to qualify as, a director of SAI; or
- for services provided by any person referred to in Section 8.10 in connection with the formation or promotion of SAI or the offer of SAI Shares under the Offer.

Each of the persons named in Section 8.13 as performing a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement will be entitled to receive professional fees charged in accordance with their normal basis of charging.

8.12 No escalation agreements

Neither SAI nor any Associate of SAI has entered into any escalation agreement in respect of Espreon Shares that is prohibited by Section 622 of the Corporations Act.

8.13 Consents

This Bidder's Statement contains statements made by, or statements based on, statements made by Ernst & Young (taxation adviser to SAI), and PriceWaterhouseCoopers (**PWC**) (as auditor to SAI). Ernst & Young and PWC have given and have not, before lodgement of this Bidder's Statement, with ASIC, withdrawn their consent to the inclusion of:

- (a) references to its name;
- (b) each statement it has made; and
- (c) each statement which is based on a statement it has made,

in the Bidder's Statement in the form and context in which those statements appear and to the maximum extent permitted by law expressly disclaims and takes no responsibility for any part of this Bidder's Statement with the consent of that party.

Each person who is named in this Bidder's Statement as acting in a professional capacity for SAI in relation to the Offer (including, without limitation, Gilbert + Tobin, Macquarie Capital Advisers Limited, Ernst & Young, PWC and Link Market Services):

- (a) consents to the inclusion of references to its name;
- (b) does not make, or purport to make, any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based, other than a statement included in this Bidder's Statement with the consent of that person; and
- (c) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement, other than any statement which has been included in this Bidder's Statement with the consent of that party.

8.14 Expiry date

No SAI Shares will be issued on the basis of this Bidder's Statement more than 13 months after the date of the Bidder's Statement.

8.15 Further share issues

SAI does not currently intend to issue further SAI Shares except as required under the Offer or by the exercise of options issued by SAI.

8.16 No other material information

There is no other information that:

- is material to the making of the decision by a holder of Espreon Shares whether or not to accept the Offer; and
- which is known to SAI,

other than:

- as set out or referred to elsewhere in this Bidder's Statement; or
- information which it would be unreasonable to require SAI to disclose because the information has previously been disclosed to holders of Espreon Shares.

9 The Offer

9.1 Offer

- (a) SAI offers to acquire from you on the terms and conditions of this Offer all of Your Espreon Shares together with all Rights attaching to them.
- (b) This Offer extends to all Espreon Shares which have been issued prior to the end of the Offer Period or as a result of the exercise of Espreon Options.
- (c) Offers on terms and conditions identical to those contained in this Offer have been dispatched or will be dispatched to:
 - (i) all holders of Espreon Shares registered as such in the Register on the Register Date;
 - (ii) all holders of Espreon Options registered as such in the Options Register on the Register Date; and
 - (iii) any person who becomes registered as the holder of Espreon Shares during the period commencing on the Register Date and ending at the end of the Offer Period.
- (d) This Offer is dated 27 January 2009.

9.2 Consideration for the Offer

- (a) Subject to the terms of this Offer, in particular Section 9.10, the consideration offered by SAI for the acquisition of all Your Espreon Shares is 1 SAI Share for every 4.8 Espreon Shares.

SAI will increase the Offer Consideration to 1 SAI Share for every 4.4 Espreon Shares if SAI acquires a Relevant Interest in at least 90% of Espreon Shares by the end of the Offer Period.

You should note that:

- (i) If you accept SAI's Offer and the Offer becomes unconditional or the Offer Conditions are satisfied, but SAI's Relevant Interest in Espreon Shares is not at least 90% by the end of the Offer Period, then you will receive the current Offer consideration of 1 SAI Share for every 4.8 of Your Espreon Shares; and
 - (ii) Vectis currently has a Relevant Interest in 19.83% of Espreon Shares. If Vectis does not accept the Offer in respect of those shares, SAI will not acquire a Relevant Interest in at least 90% of Espreon Shares by the end of the Offer Period and the Offer consideration will not be increased as outlined above.
- (b) Subject to Section 9.2(c), if you would otherwise become entitled to a fraction of an SAI Share as a result of your acceptance of this Offer in addition to the number of whole SAI Shares to which you become entitled as a result of that acceptance, any such fractional entitlement:
 - (i) of less than 0.5 will be rounded down to zero; or
 - (ii) of 0.5 or more will be rounded up to 1 SAI Share.

- (c) If SAI reasonably believes that any parcel or parcels of Espreon Shares has or have been created or manipulated to take advantage of the rounding provision in Section 9.2(b), then any fractional entitlement to an SAI Share arising in relation to that parcel, or those parcels, will be rounded down to the nearest whole number so that the entitlement to SAI Shares arising in relation to each parcel consists of the whole number of SAI Shares only and the fractional entitlement will be disregarded.

9.3 Offer Period

- (a) Unless the Offer Period is extended or the Offer is withdrawn, in either case in accordance with the requirements of the Corporations Act, this Offer will remain open for acceptance by you during the period commencing on the date of this Offer and ending at 7:00pm Sydney time on 27 February 2009 (**Offer Period**).
- (b) Subject to the Corporations Act, SAI may extend the Offer Period.
- (c) In addition, if, within the last 7 days of the Offer Period:
 - (i) this Offer is varied to improve the consideration offered; or
 - (ii) SAI's voting power in Espreon increases to more than 50.1%,then the Offer Period will be mandatorily extended in accordance with Section 624(2) of the Corporations Act so that it ends 14 days after the relevant event.

9.4 Acceptance

- (a) You may accept this Offer only in respect of all of Your Espreon Shares.
- (b) Subject to Section 9.5, to accept this Offer in respect of Espreon Shares which, at the time of acceptance, are registered in your name in the issuer sponsored sub-register operated by Espreon (in which case Your Espreon Shares are not in a CHESS Holding and your Securityholder Reference Number will commence with "I"), you must **complete** and **sign** the Acceptance Form enclosed with this Offer (which forms part of this Offer) in accordance with the instructions on it and **return** it together with all other documents required by those instructions (if any) to:

BY MAIL: Link Market Services Ltd
Espreon Takeover
Locked Bag A14
Sydney South NSW 1235; or

BY HAND: Link Market Services Limited
Espreon Takeover
Level 12
680 George Street
Sydney NSW

so that it is **received** at an address specified above by no later than the end of the Offer Period. A reply paid envelope, which is valid if sent from within Australia, is enclosed for your use.

If your Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is returned by facsimile, it will be deemed to be received in time if the facsimile transmission is received (evidenced by a confirmation of successful transmission) before the end of the Offer Period, but you will not be entitled to receive the consideration under this Offer to which you are entitled until your original Acceptance Form (including any

documents required by the terms of this Offer and the instructions on the Acceptance Form) is received at an address specified above.

- (c) To accept this Offer in respect of Espreon Shares which, at the time of acceptance, are held by you in a CHESS Holding (in which case your Holder Identification Number will commence with "X"), you must comply with the ASTC Settlement Rules. To accept this Offer in accordance with the ASTC Settlement Rules:
- (i) if you are the Controlling Participant, you must initiate acceptance of this Offer in accordance with Rule 14.14 of the ASTC Settlement Rules before the end of the Offer Period; or
 - (ii) if you are not the Controlling Participant, you may either:
 - (A) **instruct** your Controlling Participant, in accordance with the sponsorship agreement between you and the Controlling Participant, to initiate acceptance of this Offer in accordance with Rule 14.14 of the ASTC Settlement Rules, such initiation to occur before the end of the Offer Period. If you choose to accept this Offer in this way, your Controlling Participant will be obliged by Rule 14.14.1 of the ASTC Settlement Rules to initiate the acceptance within the following timeframes:
 - I if you specify a time when or by which this Offer must be accepted, in accordance with those instructions; or
 - II otherwise, by End of Day (as defined in the ASTC Settlement Rules) on the date that you instruct the Controlling Participant to accept this Offer or, if the Offer Period ends on the day you provide those instructions, before the end of the Offer Period; or
 - (B) otherwise, **complete** and **sign** the enclosed Acceptance Form in accordance with the instructions on the Acceptance Form and **return** it (using the enclosed reply paid envelope, which is valid if sent from within Australia) together with all other documents required by those instructions to one of the addresses indicated on the Acceptance Form and as such authorise SAI to instruct your Controlling Participant to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASTC Settlement Rules. For return of the Acceptance Form to be an effective acceptance of the Offer under this Section 9.4(c)(ii)(B), it must be received by SAI in time for SAI to give instructions to your Controlling Participant, and your Controlling Participant to carry out those instructions, before the end of the Offer Period.
- (d) To accept this Offer in respect of Espreon Shares in respect of which, at the time of acceptance, you are entitled to be registered but are not registered, you must **complete** and **sign** the Acceptance Form enclosed with this Offer in accordance with the instructions on it and **return** it together with all other documents required by those instructions to one of the addresses referred to in paragraph (b) so that it is received by no later than the end of the Offer Period.
- (e) An acceptance of this Offer under Section 9.4(b), 9.4(c)(ii)(B) or 9.4(d) will not be complete until the Acceptance Form, completed and signed in accordance with the instructions on it and all other documents required by those instructions, have been received at one of the addresses set out in Section 9.4(b). Notwithstanding the foregoing provisions of this Section 9.4, SAI may, in its absolute discretion, waive at any time prior to the end of the Offer Period all or any of the requirements specified in the Acceptance Form but payment of the consideration in accordance

with this Offer will not be made until any irregularity has been resolved and such other documents as may be necessary to procure registration of the Espreon Shares have been lodged with SAI.

- (f) The transmission of the Acceptance Form and other documents is at your own risk.

9.5 Entitlement to Offer

- (a) If at the time this Offer is made to you, or at any time during the Offer Period and before you accept this Offer, another person is, or is entitled to be, registered as the holder of, or is able to give good title to, some or all of Your Espreon Shares (such an Espreon Share in this paragraph being called an **Entitlement Share**) then, in accordance with Section 653B(1)(a) of the Corporations Act:
- (i) a corresponding Offer shall be deemed to have been made at that time to that other person relating to the Entitlement Shares;
 - (ii) a corresponding Offer shall be deemed to have been made at that time to you relating to Your Espreon Shares other than the Entitlement Shares; and
 - (iii) this Offer shall be deemed immediately after that time to have been withdrawn.
- (b) If at any time during the Offer Period and before the Offer is accepted, you hold Espreon Shares on trust for, as nominee for, or on account of, another person or persons, then a separate Offer shall be deemed, in accordance with Section 653B(1)(b) of the Corporations Act, to have been made to you in relation to each parcel of Espreon Shares within Your Espreon Shares. An acceptance by you of the Offer in respect of any such distinct portion of Your Espreon Shares will be ineffective unless you have given SAI notice stating that Your Espreon Shares consist of separate parcels and your acceptance specifies the number of Espreon Shares in the distinct portions to which the acceptance relates. If Your Espreon Shares are in a CHESS Holding, the notice may be transmitted in an electronic form approved by the ASTC Settlement Rules. Otherwise, the notice must be given to SAI in writing.
- (c) Beneficial owners whose Espreon Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee should contact that nominee for assistance in having this Offer accepted in respect of the Espreon Shares which they beneficially own.

9.6 Effect of acceptance

- (a) By:
- (i) completing, signing and returning an Acceptance Form in accordance with Section 9.4(b), 9.4(c)(ii)(B) or 9.4(d); or
 - (ii) causing this Offer to be accepted in accordance with the ASTC Settlement Rules if Your Espreon Shares are in a CHESS Holding,
- you will, or will be deemed to, have:
- (i) subject to Section 650E of the Corporations Act and Section 9.5, irrevocably accepted this Offer in respect of all Your Espreon Shares;
 - (ii) subject to this Offer being declared free from the Defeating Conditions or such conditions being fulfilled, agreed to transfer Your Espreon Shares to SAI;

- (iii) represented and warranted to SAI as a fundamental condition going to the root of the contract resulting from your acceptance of this Offer that, both at the time of acceptance of this Offer and at the time the transfer of Your Espreon Shares to SAI is registered, all of Your Espreon Shares are and will upon registration be fully paid up and free from all mortgages, charges, liens and other encumbrances of any kind and restrictions on transfer of any kind, and that you have full power and capacity (whether legal or equitable) to sell and transfer such Espreon Shares and that you have paid all amounts which at the time of acceptance have fallen due for payment in respect of those Espreon Shares;
- (iv) authorised SAI (by any of its directors, officers, servants or agents), if necessary, to complete on the Acceptance Form correct details of Your Espreon Shares, fill in any blanks remaining on the Acceptance Form and rectify any error in or omission from the Acceptance Form as may be necessary to make the Acceptance Form an effective acceptance of this Offer;
- (v) irrevocably appointed SAI and each of its directors, secretaries and officers from time to time jointly and each of them severally as your true and lawful attorney, with effect from the date that any contract resulting from the acceptance of this Offer is declared free from all its Defeating Conditions or those conditions are fulfilled, with power to exercise all powers and rights which you could lawfully exercise as the registered holder of Your Espreon Shares or in exercise of any right derived from the holding of Your Espreon Shares, including, without limiting the generality of the foregoing, requesting Espreon to register Your Espreon Shares in the name of SAI, attending and voting at any meeting of Espreon Shareholders, demanding a poll for any vote taken at or proposing or seconding any resolutions to be considered at any meeting of Espreon Shareholders, requisitioning any meeting of Espreon Shareholders, signing any forms, notices or instruments relating to Your Espreon Shares and doing all things incidental or ancillary to any of the foregoing. You will, or will be deemed to, have acknowledged and agreed that in exercising such powers the attorney may act in the interests of SAI as the intended registered holder of those Espreon Shares. This appointment, being given for valuable consideration to secure the interest acquired in Your Espreon Shares, is irrevocable and terminates upon registration of a transfer to SAI of Your Espreon Shares;
- (vi) agreed, with effect from the date that any contract resulting from the acceptance of this Offer is declared free from all its Defeating Conditions or those conditions are fulfilled, and in the absence of a prior waiver of this requirement by SAI, not to attend or vote in person at any meeting of Espreon Shareholders or to exercise or purport to exercise any of the powers conferred on SAI or its nominee in Section 9.6(a)(v);
- (vii) irrevocably authorised and directed Espreon to pay to SAI or to account to SAI for all Rights, subject, however, to any such Rights received by SAI being accounted for by SAI to you in the event that this Offer is withdrawn or avoided;
- (viii) except where Rights have been paid or accounted for under Section 9.6(a)(vii), irrevocably authorised SAI to deduct from the consideration payable in respect of Your Espreon Shares, the value of any Rights paid to you which, where the Rights take a non-cash form, will be the value of those Rights as reasonably assessed by the Chairman of ASX or his or her nominee. This may involve reducing the number of SAI Shares to which you would otherwise be entitled under this Offer;

- (ix) if, at the time of acceptance of this Offer, Your Espreon Shares are in a CHESS Holding, with effect from the date that either this Offer or any contract resulting from the acceptance of this Offer is declared free from all its Defeating Conditions or those conditions are fulfilled, irrevocably authorised SAI to cause a message to be transmitted in accordance with ASTC Settlement Rule 14.17.1 (and at a time permitted by ASTC Settlement Rule 14.17.1(b)) so as to transfer Your Espreon Shares to SAI's takeover transferee holding. SAI shall be so authorised even though at the time of such transfer it has not paid the consideration due to you under this Offer;
 - (x) agreed to indemnify SAI in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or in consequence of the transfer of Your Espreon Shares being registered by Espreon without production of your Holder Identification Number for Your Espreon Shares;
 - (xi) if you are a Foreign Espreon Shareholder, irrevocably appointed SAI as your agent to receive any notice, including a Financial Services Guide (if any) (and any update of that document), that the Nominee and/or its broker may provide under the Corporations Act. Any such document will be made available by SAI on SAI's website;
 - (xii) represented and warranted to SAI that, unless you have notified it in accordance with Section 9.5(b), Your Espreon Shares do not consist of several parcels of Espreon Shares; and
 - (xiii) agreed to execute all such documents, transfers and assurances that may be necessary or desirable to convey Your Espreon Shares and any Rights to SAI.
- (b) If Your Espreon Shares are in a CHESS Holding and you complete, sign and return the Acceptance Form in accordance with Section 9.4(c)(ii)(B) (which you are not bound, but are requested, to do), you will be deemed to have irrevocably authorised SAI and any of its directors, secretaries or officers to:
- (i) instruct your Controlling Participant to initiate acceptance of this Offer in respect of Your Espreon Shares which are in a CHESS Holding, in accordance with Rule 14.14 of the ASTC Settlement Rules if you have not already done so; and
 - (ii) give any other instructions in relation to Your Espreon Shares to your Controlling Participant on your behalf under the sponsorship agreement between you and that Controlling Participant.

9.7 Dividends and other entitlements

- (a) SAI will be entitled to all Rights declared, paid, made, or which arise or accrue at or after the Announcement Date in respect of Espreon Shares that it acquires pursuant to this Offer.
- (b) If any Rights are declared, paid, made or arise or accrue in cash after the Announcement Date to the holders of Espreon Shares, SAI will (provided the same has not been paid to SAI) be entitled to reduce the consideration specified in Section 9.2 and payable by it to accepting holders of Espreon Shares by an amount equal to the value of such Rights. This may involve reducing the number of SAI Shares to which accepting holders of Espreon Shares would otherwise be entitled under this Offer.

- (c) If any non-cash Rights are issued or made or arise or accrue after the Announcement Date to the holders of Espreon Shares, SAI will (provided the same has not been issued to SAI) be entitled to reduce the consideration specified in Section 9.2 and payable by it to accepting holders of Espreon Shares by an amount equal to the value (as reasonably assessed by the Chairman of ASX or his or her nominee) of such non-cash Rights. This may involve reducing the number of SAI Shares to which accepting holders of Espreon Shares would otherwise be entitled under this Offer.

9.8 Defeating Conditions

- (a) Subject to paragraph (b), this Offer and the contract resulting from the acceptance of this Offer (and each other Offer and each contract resulting from the acceptance thereof) are subject to the following conditions being fulfilled or waived by SAI:

(i) **50.1% minimum acceptance condition**

At the end of the Offer Period, SAI has a Relevant Interest in at least 50.1% (by number) of Espreon Shares.

(ii) **No regulatory actions**

Between the Announcement Date and the end of the Offer Period:

- (A) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;
- (B) no action or investigation is announced, commenced or threatened by any Public Authority; and
- (C) no application is made to any Public Authority (other than by Bidder),

in consequence of, or in connection with, the Offer (other than an application to or a decision or order of ASIC or the Takeovers Panel for the purpose of or in the exercise of the powers and discretions conferred on it by the Corporations Act), which restrains, prohibits or impedes (or if granted could restrain or prohibit) or may otherwise materially adversely impact upon, the making of the Offer or the completion of any transaction contemplated by the Bid or requires the divestiture of any Espreon Shares or the divestiture of any assets held by Espreon or SAI or their respective subsidiaries.

(iii) **No material transactions**

None of the following events occurs during the period from the Announcement Date to the end of the Offer Period:

- (A) Espreon or any subsidiary of Espreon acquires, offers to acquire or agrees to acquire one or more companies, businesses, assets (or shares or any interest in one or more companies, businesses, assets or shares) for an amount in aggregate greater than \$250,000;
- (B) Espreon or any subsidiary of Espreon disposes of, offers to dispose of or agrees to dispose of one or more companies, businesses, assets or shares (or any interest in one or more companies, businesses, assets or shares) for an amount, or in respect of which the book value (as recorded in Espreon's statement of financial position as at 30 June 2008) is, in aggregate, greater than \$250,000;

- (C) Espreon or any subsidiary of Espreon enters into, or offers to enter into or agrees to enter into, any agreement, joint venture, asset or profit share, partnership or commitment which would require expenditure, or the foregoing of revenue, by Espreon and/or its subsidiaries of an amount which is, in aggregate, more than \$250,000, other than in the ordinary course of business;

provided that such an event will not occur where:

- (D) such action or intended action is a current commitment or specific future plan of Espreon, in either case announced to ASX or disclosed to SAI, before the Announcement Date;
- (E) Espreon has first consulted with SAI in relation to the event and SAI has approved the proposed event;
- (F) the conduct is undertaken in accordance with the obligations of Espreon under the Bid Implementation Deed; or
- (G) Espreon or any subsidiary enters into or renews a customer contract in the ordinary course of business on commercial terms.

(iv) **No material adverse change**

Between the Announcement Date and the end of the Offer Period no event, matter or thing occurs or information is disclosed by Espreon concerning any event, matter or thing which will or is reasonably likely to have a material adverse effect on the assets and liabilities, financial position and performance, profitability or prospects of Espreon and its subsidiaries taken as a whole but does not include:

- (A) any matter fully and fairly disclosed to SAI or its Representatives on or before the Announcement Date;
- (B) any change in taxation or interest rates or regulatory environment which impact on Espreon and others in its industry in a similar or consistent manner;
- (C) any change in accounting policy required by law; or
- (D) any change occurring directly or indirectly as a result of any matter, event or circumstance required by the Bid Implementation Deed, the Bid or the transactions contemplated by them, including fees paid or payable by Espreon to its advisers or the Independent Expert, or any termination payments for the employees of Espreon or its subsidiaries under contractual obligations or commitments in place as at the Announcement Date and disclosed to SAI.

(v) **No prescribed occurrences**

None of the following events happen in the period between the Announcement Date and the end of the Offer Period:

- (A) Espreon converting all or any of its shares into a larger or smaller number of shares under Section 254H of the Corporations Act;
- (B) Espreon or a subsidiary of Espreon resolving to reduce its share capital in any way;

- (C) Espreon or a subsidiary of Espreon entering into a buyback agreement or resolving to approve the terms of a buyback agreement under Section 257C(1) or 257D(1) of the Corporations Act;
 - (D) Espreon or a subsidiary of Espreon making an issue of its shares (other than an issue of shares pursuant to the exercise or conversion of options or other securities which have been issued and notified to ASX prior to the Announcement Date) or granting an option over its shares or agreeing to make such an issue or grant such an option;
 - (E) Espreon or a subsidiary of Espreon issuing, or agreeing to issue, convertible notes;
 - (F) Espreon or a subsidiary of Espreon disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
 - (G) Espreon or a subsidiary of Espreon charging, or agreeing to charge, the whole, or a substantial part, of its business or property;
 - (H) Espreon or a subsidiary of Espreon resolving that it be wound up;
 - (I) the appointment of a liquidator or provisional liquidator of Espreon or of a subsidiary of Espreon;
 - (J) the making of an order by a court for the winding up of Espreon or of a subsidiary of Espreon;
 - (K) an administrator of Espreon or of a subsidiary of Espreon being appointed under Section 436A, 436B or 436C of the Corporations Act;
 - (L) Espreon or a subsidiary of Espreon executing a deed of company arrangement; or
 - (M) the appointment of a receiver, receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of Espreon or of a subsidiary of Espreon.
- (b) The Defeating Conditions are conditions subsequent. Further, each of the Defeating Conditions is a separate and distinct condition and shall not be taken to limit the meaning or effect of any other Defeating Condition. The breach or non-fulfilment of any condition subsequent does not prevent a contract to sell Your Espreon Shares resulting from your acceptance of this Offer coming into effect, but entitles SAI by written notice to you, to rescind the contract resulting from your acceptance of this Offer.
- (c) Subject to the provisions of the Corporations Act, SAI alone has the benefit of the Defeating Conditions and any breach or non-fulfilment of any such Defeating Conditions may be relied on only by SAI.
- (d) The date specified for the giving of the notice referred to in Section 630(3) of the Corporations Act as to the status of the Defeating Conditions is 20 February 2009, subject to extension in accordance with Section 630(2) of the Corporations Act if the Offer Period is extended in accordance with the Corporations Act.
- (e) Subject to the Corporations Act, SAI may free the Offer and any contract resulting from acceptance of the Offer from all or any of the Defeating Conditions generally or in relation to a specific occurrence by giving notice in writing to Espreon and to

ASX in accordance with Section 650F of the Corporations Act. Any such notice may be given:

- (i) in the case of the Defeating Conditions in Section 9.8(a)(i) not later than three Business Days after the end of the Offer Period; and
 - (ii) in the case of the other Defeating Conditions – not less than seven days before the end of the Offer Period.
- (f) If at the end of the Offer Period in respect of the Defeating Conditions:
- (i) SAI has not declared this Offer and all other Offers made by SAI under the Bid and all contracts resulting from the acceptance of Offers to be free from the conditions; and
 - (ii) the conditions have not been fulfilled,

then all contracts resulting from the acceptance of Offers and all Offers that have been accepted and from whose acceptance binding contracts have not yet resulted are void. In that event, SAI will, if you have accepted this Offer:

- (iii) return at your risk your Acceptance Form together with all documents forwarded by you with that form to your address as shown in the Acceptance Form; or
- (iv) if Your Espreon Shares are in a CHESS Holding, notify ASTC under the ASTC Settlement Rules that the contract resulting from your acceptance of the Offer is avoided.

9.9 Obligations of SAI

- (a) Subject to this Section 9.9 and the Corporations Act, SAI will provide the consideration for Your Espreon Shares by the end of whichever of the following periods ends earlier:
- (i) one month after the Offer is accepted or, if the Offer is subject to a Defeating Condition when accepted, within one month after the Offer becomes unconditional; or
 - (ii) 21 days after the end of the Offer Period.

Under no circumstances will interest be paid on the consideration for Your Espreon Shares under this Offer, regardless of any delay in making payment or any extension of this Offer.

- (b) Where the Acceptance Form requires an additional document to be given with your acceptance (such as a power of attorney):
- (i) if that document is given with your acceptance, SAI will provide the consideration in accordance with paragraph (a);
 - (ii) if that document is given after your acceptance and before the end of the Offer Period while the Offer is subject to a Defeating Condition, SAI will provide the consideration by the end of whichever of the following periods ends earlier:
 - (A) one month after the Offer becomes unconditional; or

- (B) 21 days after the end of the Offer Period;
 - (iii) if the document is given after your acceptance and before the end of the Offer Period while the Offer is not subject to a Defeating Condition, SAI will provide the consideration by the end of whichever of the following periods ends earlier:
 - (A) one month after the document is received; or
 - (B) 21 days after the end of the Offer Period; or
 - (iv) if that document is received after the end of the Offer Period, SAI will provide the consideration within 21 days after that document is received. However, if, at the time that document is received, this Offer is still subject to a Defeating Condition that relates to a circumstance or event specified in Section 9.8, SAI will provide the consideration within 21 days after the Offer becomes, or is declared, unconditional.
- (c) The obligation of SAI to allot and issue any SAI Shares to which you are entitled under this Offer will be satisfied:
- (i) by SAI entering your name on the register of members of SAI; and
 - (ii) dispatching or procuring the dispatch to you of an uncertificated holding statement in your name by pre-paid ordinary mail or, in the case of addresses outside Australia, by pre-paid airmail, to your address as shown on the Acceptance Form. If Your Espreon Shares are held in a joint name, an uncertificated holding statement will be issued in the name of the joint holders and forwarded to the address as shown on the Acceptance Form.
- (d) If, at the time of acceptance of this Offer, or provision of any consideration under it, any authority or clearance of the Reserve Bank of Australia or of the ATO is required for you to receive any consideration under this Offer or you are a resident in or a resident of a place to which, or you are a person to whom:
- (i) the Banking (Foreign Exchange) Regulations 1959 (Cth);
 - (ii) the Charter of the United Nations (Terrorism and Dealing with Assets) Regulations 2002 (Cth);
 - (iii) the Charter of the United Nations (Sanctions – Afghanistan) Regulations 2001 (Cth);
 - (iv) the Iraq (Reconstruction and Repeal of Sanctions) Regulations 2003 (Cth); or
 - (v) any law of Australia that would make it unlawful for SAI to provide the consideration payable under the Offers,

applies, then acceptance of this Offer will not create or transfer to you any right (contractual or contingent) to receive the consideration specified in this Offer unless and until all requisite authorities or clearances have been obtained by SAI. Please refer to Section 8.7 for information as to whether this restriction applies to you.

9.10 Foreign Espreon Shareholders

- (a) If you are a Foreign Espreon Shareholder, then unless SAI otherwise determines that:
- (i) it is lawful and not unduly onerous and not unduly impracticable to make the Offer to you and to issue you with SAI Shares on acceptance of the Offer; and
 - (ii) it is not unlawful for you to accept the Offer by the law of the relevant place outside Australia and its external territories,

you will not be entitled to receive SAI Shares as the consideration for Your Espreon Shares by reason of your acceptance of the Offer and if you accept the Offer SAI will:

- (iii) arrange for the allotment to the Nominee of the number of SAI Shares to be issued in accordance with the Offer to which you and all other Foreign Espreon Shareholders would have been entitled but for this Section 9.10(a);
- (iv) cause those SAI Shares so allotted to be offered for sale by the Nominee on ASX within 30 days after the end of the Offer Period; and
- (v) pay to you the amount ascertained in accordance with the formula:

Proceeds of sale x (A/B)

where:

Proceeds of sale is the amount which is received by the Nominee upon the sale of all SAI Shares under this Section 9.10(a) less brokerage and other sale expenses;

A is the number of SAI Shares which SAI would otherwise be required to procure to be issued to you as a result of your acceptance of the Offer; and

B is the total number of SAI Shares issued to the Nominee under this Section 9.10(a).

Payment will be made by cheque in Australian currency drawn on an Australian bank. The cheque will be posted to you at your risk by pre-paid airmail to your address as shown on the Register on the Register Date. Under no circumstances will interest be paid on the proceeds of this sale, regardless of any delay in remitting these proceeds to you.

- (b) Notwithstanding anything else contained in this Bidder's Statement, SAI is not under any obligation to spend any money, or undertake any action, in order to satisfy itself of the eligibility of Foreign Espreon Shareholders to receive SAI Shares as set out in Section 9.10(a).

9.11 Official quotation of SAI Shares

- (a) The consideration offered by SAI under the Offer comprises SAI Shares. The SAI Shares offered as consideration will be issued by SAI fully paid and will rank equally with existing SAI Shares from their date of issue.

- (b) SAI has been admitted to the Official List of ASX. Shares of the same class as those to be issued as consideration under this Offer have been granted official quotation by ASX.
- (c) The Offer and any contract that results from your acceptance of it are subject to a condition that permission for admission to official quotation by ASX of the SAI Shares to be issued pursuant to the Offer is granted no later than seven days after the end of the Offer Period. If this condition is not fulfilled, all contracts resulting from the acceptance of the Offer will be automatically void.
- (d) SAI will make an application to ASX within seven days after the date of this Bidder's Statement for the granting of official quotation of the SAI Shares to be issued as consideration under the Offer.

9.12 Withdrawal

- (a) SAI may withdraw this Offer at any time with the written consent of ASIC which consent may be given subject to such conditions (if any) as are specified in the consent. Notice of any withdrawal will be given to ASX and Espreon and will comply with any other conditions imposed by ASIC.
- (b) If SAI withdraws this Offer, any contract resulting from its acceptance will automatically be void.

9.13 Variation

SAI may at any time, and from time to time, vary this Offer in accordance with the Corporations Act.

9.14 Costs, taxes and GST

All costs and expenses of the preparation of this Bidder's Statement and of the preparation and circulation of this Offer will be paid by SAI. No GST is payable as a consequence of the Offer.

9.15 Notices

- (a) Any notices to be given by SAI to Espreon under the Bid may be given to Espreon by leaving them at, or sending them by pre-paid ordinary post to, the registered office of Espreon or by sending them by facsimile transmission to Espreon at its registered office.
- (b) Any notices to be given to SAI by you or by Espreon under the Bid may be given to SAI by leaving them at or sending them by pre-paid ordinary post to SAI at one of the addresses referred to in Section 9.4(b).
- (c) Any notices to be given by SAI to you under the Bid may be given to you by leaving them at or sending them by pre-paid ordinary post or if your address is outside Australia, by airmail, to your address as shown in the Acceptance Form.

9.16 Governing law

This Offer and any contract that results from your acceptance of this Offer are governed by the laws in force in NSW.

10 Glossary and Interpretation

Glossary

The following terms have the meanings set out below unless the context requires otherwise:

ACCC means the Australian Competition and Consumer Commission.

Acceptance Form means the form of acceptance of the Offer enclosed with this Offer and the Bidder's Statement or, as the context requires, any replacement or substitute acceptance Form provided by or on behalf of SAI.

Announcement Date means 13 January 2009.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to that term in Section 12 of the Corporations Act.

ASTC means ASX Settlement and Transfer Corporation Pty Ltd ABN 49 008 504 532.

ASTC Settlement Rules means the operating rules of the settlement facility provided by ASTC.

ASX means ASX Limited ABN 98 008 624 691, operating the Australian Securities Exchange.

ATO means the Australian Taxation Office.

Australian Accounting Standard means an Accounting Standard made by the Australian Accounting Standards Board in accordance with the Corporations Act.

Bid means the Offers to acquire all of the Espreon Shares, on the terms set out in this Bidder's Statement.

Bid Implementation Deed means the bid implementation deed between SAI and Espreon.

Bid Period means the period between the date on which this Bidder's Statement was provided to Espreon and the end of the Offer Period (both inclusive).

Bidder's Statement means this document, being the bidder's statement of SAI under Part 6.5 of the Corporations Act relating to the Offer.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

CGT means Australian capital gains tax.

CHES means the Clearing House Electronic Subregister System operated by ASTC, which provides for the electronic transfer, settlement and registration of securities in Australia.

CHES Holding means a holding of Espreon Shares on the CHES subregister of Espreon.

Combined Group means the combined businesses of SAI and Espreon as contemplated under the terms of the Offer.

Competing Proposal means an offer or proposal by any person (other than SAI and its associates) to consider or enter into any transaction which would, if completed, involve:

- (a) a takeover bid, scheme of arrangement, merger, capital reduction, or other corporate combination involving Espreon or Espreon Shares;
- (b) a person acquiring, having a right to acquire, or obtaining an economic interest in (whether directly or indirectly) all or a substantial part of the assets or business of the Espreon Group; or
- (c) Espreon issuing 20% or more of its shares or other securities (on a fully diluted basis) as consideration for cash or the assets or securities of another person.

Controlling Participant has the meaning given in the ASTC Settlement Rules.

Corporations Act means the Corporations Act 2001 (Cth) and any regulations made under that Act.

Defeating Condition means each condition of the Offer set out in Section 9.8.

Deferred Tax Employee Share Plan means as set out in Section 2.6(e).

EBIT means profit from ordinary activities before finance costs and income tax expense.

EBITDA means profit from ordinary activities before finance costs, income tax expense, depreciation and amortisation.

Employee Share Plan means as set out in Section 2.6(d).

Entitlement Share has the meaning given to that term in Section 9.5(a).

Espreon means Espreon Limited (ABN 42 090 651 700).

Espreon Board means the board of directors of Espreon.

Espreon Director means a director of Espreon.

Espreon Group means Espreon and its Related Entities as at the date of this Bidder's Statement.

Espreon's Exercise Option Plan means the executive option plan of Espreon.

Espreon's Independent Expert means an independent expert appointed by Espreon to prepare a report on the Offer.

Espreon Option means any right or option to acquire Espreon Shares.

Espreon Shareholder means a person who is registered as the holder of Espreon Shares in the Register.

Espreon Shares means fully paid ordinary shares in Espreon.

Executive Incentive Plans has the meaning given in Section 2.6(a).

Foreign Espreon Shareholder means an Espreon Shareholder whose address as shown in the Register is in a jurisdiction other than Australia or its external territories or the United States of America, unless SAI otherwise determines after being satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make the Offer to an Espreon Shareholder in the relevant jurisdiction and to issue SAI Shares to such an Espreon Shareholder on the acceptance of the Offer, and that it is not unlawful for such an Espreon Shareholder to accept the Offer in such circumstances in the relevant jurisdiction.

GST means the goods and services tax imposed under the A New Tax System (Goods and Services Tax) Act 1999 (Cth).

Holder Identification Number or **HIN** means the number used to identify an Espreon Shareholder on the CHESS subregister of Espreon.

Listing Rules means the listing rules of ASX as amended or varied from time to time.

Nominee means Macquarie Securities (Australia) Limited or another entity to be appointed by SAI after the date of the Bidder's Statement with the approval of ASIC.

NPAT means Net Profit After Tax.

NSW means New South Wales.

Offer, SAI Offer or **SAI's Offer** means, as the context requires, the offer for Espreon Shares contained in Section 9, or the off-market takeover bid constituted by that offer, and **Offers** means the several like offers which together constitute the Bid, as varied in accordance with the Corporations Act.

Offer Consideration means the consideration payable for the Espreon Shares on acceptance of the Offer.

Offer Period means the period during which Offers will remain open for acceptance in accordance with Section 9.3.

Official List means the official list of the ASX.

Options Register means the register of options of Espreon.

Original Bidder's Statement means the Bidder's Statement lodged with ASIC and ASX on 13 January 2009 incorporated into this Bidder's Statement.

Performance Share Rights Plan means as set out in Section 2.6(c).

Public Authority means any government or any governmental, semi-governmental, administrative, statutory or judicial entity, authority or agency, whether in Australia or elsewhere, including the ACCC (but excluding the Takeovers Panel, ASIC and any court that hears or determines proceedings under Section 657G or proceedings commenced by a person specified in Section 659B(1) of the Corporations Act in relation to the takeover bid the subject of this Bidder's Statement). It also includes any governor-in-council, minister of state or other government official and any self-regulatory organisation established under statute or any stock exchange.

Reckon means Reckon Limited (ACN 003 348 730).

Register means the register of Espreon Shareholders maintained by Espreon in accordance with the Corporations Act.

Register Date means the date to be specified by SAI by notice to Espreon under Section 633(2) of the Corporations Act.

Relevant Interest has the meaning given in the Corporations Act.

Rights means all accretions, rights or benefits of whatever kind attaching to or arising from or in respect of the Espreon Shares, whether directly or indirectly, including without limitation all rights to receive dividends (and any attaching franking credit), to receive or subscribe for shares, units, notes, options or other securities and to receive all other distributions or entitlements declared, paid, made or issued by Espreon or any subsidiary of Espreon after the Announcement Date.

SAI means SAI Global Limited (ABN 67 050 611 642).

SAI Board means the board of directors of SAI.

SAI Director means a director of SAI.

SAI Global UK Share Incentive Plan means as set out in Section 2.6(f).

SAI Group means SAI and its Related Entities as at the date of this Bidder's Statement.

SAI Shares means fully paid ordinary shares in SAI.

Securityholder Reference Number or **SRN** means the number allocated by Espreon to identify an Espreon Shareholder on its issuer sponsored subregister.

Standards means documents, developed by consensus through a recognized standards development body, that provide, for common and repeated use, rules, guidelines or characteristics for products, services or management systems aimed at the achievement of the optimum degree of safety, performance, consistency or reliability.

Standards Australia means Standards Australia Limited ABN 85 087 326 690

Superior Proposal means a bona fide Competing Proposal which the Espreon Board in good faith and acting reasonably after having obtained written advice from its legal and, if appropriate, financial advisers, considers superior to the Offer taking into account all terms and conditions of both Proposals including the time for payment and the likelihood of completion.

Supplementary Bidder's Statement means the Supplementary Bidder's Statement dated 23 January 2009 and incorporated into this Bidder's Statement.

Takeover Transferee Holding means the CHESS Holding to which Espreon Shares are to be transferred pursuant to acceptances of the Offer.

Target's Statement means the target's statement prepared by Espreon in accordance with the Corporations Act in response to the Bid.

Trade Practices Act means Trade Practices Act 1974 (Cth).

Vectis means Vectis Group Pty Limited (ACN 124 666 806).

Vectis Bid means the cash off-market takeover bid for Espreon Shares announced by Vectis on 28 November 2008.

Vectis Bidder Statement means the bidder statement lodged by Vectis.

Vectis Scheme means the scheme of arrangement proposed by Vectis, announced by Espreon on 22 August 2008.

Your Espreon Shares means, subject to Sections 9.5(a) and 9.5(b) the Espreon Shares in respect of which you are registered or entitled to be registered as holder in the Register at 9:00am on the Register Date and to which you are able to give good title at the time you accept the Offer during the Offer Period.

Interpretation


- (a) Annexures to the Bidder's Statement form part of this Bidder's Statement.
- (b) Words and phrases to which a meaning is given by the Corporations Act, the Listing Rules or the ASTC Settlement Rules have that meaning in this Bidder's Statement and in the Acceptance Form unless that meaning is inconsistent with the context in which the word or phrase is used.
- (c) Headings are for convenience only and do not affect the interpretation of this Bidder's Statement.
- (d) The singular includes the plural and vice versa and words importing any gender include the other gender, and references to persons include corporations.
- (e) References to Sections are to Sections of this Bidder's Statement.
- (f) References to paragraphs are references to paragraphs within the Section in which the reference to the paragraph is made.
- (g) References to time are references to the time in Sydney, Australia on the relevant date, unless stated otherwise.
- (h) References to "dollars", "\$" or "cents" are to Australian currency, unless stated otherwise.

11 Approval of Bidder's Statement

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

Dated 23 January 2009.

Signed for and on behalf of SAI by:

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

Robert Wright
Director

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13/01/2009	SAI Investor Presentation re Offer for EON (amended)	8
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2 Annexure – Espreon Limited ASX Announcements

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CORPORATE DIRECTORY

SAI Global Limited

ABN 67 050 611 642

Registered office

286 Sussex Street
Sydney NSW 2000

Postal address

GPO Box 5420
Sydney NSW 2001

Legal Adviser

Gilbert + Tobin
Level 37, 2 Park Street
Sydney NSW 2000

Financial Adviser

Macquarie Capital Advisers Limited
ABN 79 123 199 548
1 Martin Place
Sydney NSW 2000

Taxation Adviser

Ernst & Young
680 George Street
Sydney NSW 2000

Share Registry for Offer

Link Market Services
Locked Bag A14
Sydney South NSW 1235

Auditor

PricewaterhouseCoopers Australia
201 Sussex Street
Sydney NSW 2000

SAI OFFER INFORMATION LINE:

**1800 262 299 (toll-free for calls made within Australia) or +61 8280 7789 (for calls made from outside Australia)
Monday to Friday between 8.30am and 5.30pm (Sydney time)**