

20 February 2015

Scheme Booklet registered with ASIC

Chandler Macleod Group Limited ('**Chandler Macleod**') (**ASX: CMG**) announces that the Australian Securities and Investments Commission has registered the Scheme Booklet in relation to the proposed acquisition of Chandler Macleod by RGF Staffing Melbourne two Pty Limited, a wholly owned subsidiary of Recruit Holdings Co., Ltd ('**Recruit**'), by way of a scheme of arrangement ('**Scheme**').

Earlier today, the Federal Court of Australia approved the convening of a meeting of Chandler Macleod shareholders ('**Scheme Meeting**') to consider and vote on the Scheme, and approved the dispatch of the Scheme Booklet to Chandler Macleod shareholders.

If the Scheme is approved by the requisite majority of Chandler Macleod shareholders (other than certain excluded shareholders) at the Scheme Meeting and all other conditions precedent are satisfied or waived (as applicable), Chandler Macleod shareholders on the record date for the Scheme (currently expected to be 9 April 2015) will receive a payment of A\$0.53 cash per share on the implementation date (currently expected to be 16 April 2015).

Chandler Macleod shareholders will also be entitled to receive a dividend of A\$0.017 per share, expected to be fully franked, in respect of the half year ended 31 December 2014. Shareholders will receive this dividend in respect of each Chandler Macleod share they hold on the relevant record date (currently expected to be 31 March 2015).

A copy of the Scheme Booklet, which includes an Independent Expert's Report and a notice of Scheme Meeting, is attached to this announcement, together with a copy of the proxy form for the Scheme Meeting. Copies of the Scheme Booklet and proxy form will be dispatched to Chandler Macleod shareholders on 23 February 2015.

The Independent Expert, Sumner Hall Associates Pty Ltd, has concluded that the Scheme is fair and reasonable and therefore in the best interests of Chandler Macleod shareholders. The conclusion of the Independent Expert should be read in conjunction with the full Independent Expert's Report and the Scheme Booklet.

The Board of Chandler Macleod continues to unanimously recommend that Chandler Macleod shareholders vote in favour of the Scheme, in the absence of a superior proposal. The directors of Chandler Macleod intend to vote all the Chandler Macleod shares held by them or on their behalf in favour of the Scheme, subject to the same qualification.

The Scheme Meeting will be held on 25 March 2015.

If you have any questions about the Scheme, please contact the Chandler Macleod Shareholder Information Line on 1300 375 155 (from within Australia) or +61 2 8267 4681 (from outside Australia) Monday to Friday between 8:30am and 5:30pm (Sydney time).

ENDS

ANALYST ENQUIRIES CONTACT:

Cameron Judson	Morgan Sloper
Managing Director	Chief Legal & Risk Officer
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About Chandler Macleod (ASX: CMG): Chandler Macleod is one of Australasia's largest HR Services providers and a leader in planning, sourcing, assessing, developing and managing talent.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT ABOUT HOW TO DEAL WITH THIS DOCUMENT, YOU SHOULD CONTACT YOUR BROKER OR FINANCIAL, TAXATION, LEGAL OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

CHANDLER MACLEOD SCHEME BOOKLET

This Scheme Booklet relates to a scheme of arrangement between Scheme Shareholders and Chandler Macleod which, if implemented, will result in Recruit, through its wholly-owned Subsidiary RGF, acquiring all of the Scheme Shares.

The Chandler Macleod Directors unanimously recommend that you **vote in favour** of the Scheme, in the absence of a Superior Proposal.

The Chandler Macleod Directors intend to vote all the Chandler Macleod Shares they hold (or that are held on their behalf) in favour of the Scheme, in the absence of a Superior Proposal.

A Notice of Meeting is included as Annexure 6 to this Scheme Booklet, and a proxy form for the Scheme Meeting accompanies this Scheme Booklet.

The Scheme Meeting will be held at 9:00am (Sydney time) on Wednesday, 25 March 2015 at Level 18, 363 George Street, Sydney, New South Wales, Australia.

FINANCIAL ADVISER

MOELIS & COMPANY

LEGAL ADVISER



HERBERT
SMITH
FREEHILLS

Disclaimer and important notices

General

This Scheme Booklet is important and requires your immediate attention. You should read this Scheme Booklet in full before making any decision as to how to vote at the Scheme Meeting.

Nature of this document

This Scheme Booklet includes the explanatory statement for the Scheme required by subsection 412(1) of the Corporations Act.

This Scheme Booklet does not constitute or contain an offer to Chandler Macleod Shareholders, or a solicitation of an offer from Chandler Macleod Shareholders, in any jurisdiction.

ASIC and ASX

A copy of this Scheme Booklet has been registered by ASIC for the purposes of subsection 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with subsection 411(2) of the Corporations Act. Neither ASIC, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet.

ASIC has been requested to provide a statement, in accordance with subsection 411(17)(b) of the Corporations Act, that it has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the time of the Court hearings to approve the Scheme.

A copy of this Scheme Booklet has been provided to ASX. Neither ASX, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet.

Important notice associated with Court order under subsection 411(1) of the Corporations Act

The fact that, under subsection 411(1) of the Corporations Act, the Court has ordered that a meeting be convened and has approved the explanatory statement required to accompany the Notice of Meeting does not mean that the Court:

- has formed any view as to the merits of the proposed Scheme or as to how Chandler Macleod Shareholders should vote (on this matter Chandler Macleod Shareholders must reach their own conclusion); or
- has prepared, or is responsible for the content of, the explanatory statement.

Defined terms

Capitalised terms used in this Scheme Booklet are defined in Section 10 of this Scheme Booklet. Section 10 also sets out some rules of interpretation which apply to this Scheme Booklet.

No investment advice

This Scheme Booklet has been prepared without reference to the investment objectives, financial and taxation situation or particular needs of any Chandler Macleod Shareholder or any other person. The information and recommendations contained in this Scheme Booklet do not constitute, and should not be taken as, financial product advice. The Chandler Macleod Board encourages you to seek independent financial and taxation advice before making any investment decision and any decision as to whether or not to vote in favour of the Scheme.

This Scheme Booklet should be read in its entirety before making a decision on whether or not to vote in favour of the Scheme. In particular, it is important that you consider the potential risks if the Scheme does not proceed, as set out in Section 7 of this Scheme Booklet, and the views of the Independent Expert set out in the Independent Expert's Report contained in Annexure 3 to this Scheme Booklet.

If you are in doubt as to the course you should follow, you should consult an independent and appropriately licensed and authorised professional adviser.

Forward looking statements

Some of the statements appearing in this Scheme Booklet (including in the Independent Expert's Report) may be in the nature of forward looking statements. Forward looking statements or statements of intent in relation to future events in this Scheme Booklet (including in the Independent Expert's Report) should not be taken to be forecasts or predictions that those events will occur. Forward looking statements generally may be identified by the use of forward looking words such as 'believe', 'aim', 'expect', 'anticipate', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words. Similarly, statements that describe the objectives, plans, goals, intentions or expectations of Chandler Macleod, Recruit or RGF are or may be forward looking statements. You should be aware that such statements are only opinions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to Chandler Macleod, Recruit and RGF and / or the industries in which they operate, as well as general economic conditions, prevailing exchange rates and interest rates and conditions in financial markets.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. None of Chandler Macleod, Recruit or RGF or their respective officers, directors, employees or advisers or any person named in this Scheme Booklet or involved in the preparation of this Scheme Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. Accordingly, you are cautioned not to place undue reliance on those statements.

The forward looking statements in this Scheme Booklet reflect views held only at the date of this Scheme Booklet. Subject to any continuing obligations under the Listing Rules or the Corporations Act, Chandler Macleod, Recruit and RGF, and their respective officers, directors, employees and advisers, disclaim any obligation or undertaking to distribute after the date of this Scheme Booklet any updates or revisions to any forward looking statements to reflect:

- any change in expectations in relation to such statements; or
- any change in events, conditions or circumstances on which any such statement is based.

Responsibility statement

Except as outlined below, the information contained in this Scheme Booklet has been provided by Chandler Macleod and is its responsibility alone. Except as outlined below, none of Recruit, RGF or any of their respective Subsidiaries, directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of such information.

Recruit has provided information about Recruit, RGF, the Recruit Group and the merged Chandler Macleod – Recruit group following implementation of the Scheme, and Recruit's interests and dealings in Chandler Macleod Shares, Recruit's intentions for Chandler Macleod and Chandler Macleod's employees, and funding for the Scheme, and it is responsible for that information. None of Chandler Macleod, nor its directors, officers or advisers assume any responsibility for the accuracy or completeness of the above information.

Ernst & Young has prepared the Tax Adviser's Report in relation to the Scheme and takes responsibility for that report. None of Chandler Macleod, Recruit, RGF, or any of their respective Subsidiaries, directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of the information contained in the Tax Adviser's Report. The Tax Adviser's Report is set out in Annexure 1.

Sumner Hall Associates has prepared the Independent Expert's Report (as set out in Annexure 3 to this Scheme Booklet) and takes responsibility for that report. None of Chandler Macleod, Recruit, RGF or any of their respective Subsidiaries, directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of the information contained in the Independent Expert's Report, except, in the case of Chandler Macleod, in relation to the information which it has provided to the Independent Expert.

No consenting party has withdrawn their consent to be named before the date of this Scheme Booklet.

Foreign jurisdictions

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside of Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Scheme Booklet has been prepared in accordance with the laws of the Commonwealth of Australia and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of a jurisdiction outside of Australia.

Financial amounts

All financial amounts in this Scheme Booklet are expressed in Australian currency unless otherwise stated.

Any discrepancies between totals in tables or financial statements, or in calculations, graphs or charts are due to rounding.

All financial and operational information set out in this Scheme Booklet is current as at the date of this Scheme Booklet, unless otherwise stated.

Charts and diagrams

Any diagrams, charts, graphs or tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, graphs and tables is based on information available as at the Last Practicable Date.

Timetable and dates

All times and dates referred to in this Scheme Booklet are times and dates in Sydney, Australia, unless otherwise indicated. All times and dates relating to the implementation of the Scheme referred to in this Scheme Booklet may change and, among other things, are subject to all necessary approvals from regulatory authorities.

Privacy

Chandler Macleod may collect personal information in the process of implementing the Scheme. The type of information that it may collect about you includes your name, contact details and information on your shareholding in Chandler Macleod and the names of persons appointed by you to act as a proxy, attorney or corporate representative at the Scheme Meeting as relevant to you. The collection of some of this information is required or authorised by the Corporations Act.

The primary purpose of the collection of personal information is to assist Chandler Macleod to conduct the Scheme Meeting and implement the Scheme. Without this information, Chandler Macleod may be hindered in its ability to issue this Scheme Booklet and implement the Scheme. Personal information of the type described above may be disclosed to the Chandler Macleod Share Registry, third party service providers (including print and mail service providers and parties otherwise involved in the conduct of the Scheme Meeting), authorised securities brokers, professional advisers, related bodies corporate of Chandler Macleod, regulatory authorities, and also where disclosure is otherwise required or allowed by law.

Chandler Macleod Shareholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. If you would like to obtain details of the information about you held by the Chandler Macleod Share Registry in connection with Chandler Macleod Shares, please contact the Chandler Macleod Share Registry.

Chandler Macleod Shareholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Scheme Meeting should ensure that they inform such an individual of the matters outlined above.

Date of Scheme Booklet

This Scheme Booklet is dated 20 February 2015.

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Letter from the Chairman of Chandler Macleod

20 February 2015

Dear fellow Chandler Macleod Group Shareholder,

I am pleased to provide you with this Scheme Booklet in relation to the announcement on 14 January 2015 under which Recruit, through its wholly-owned Subsidiary RGF, is making an offer to acquire 100% of Chandler Macleod for A\$0.53 cash per Chandler Macleod Share with Chandler Macleod also being permitted to pay a dividend of 1.7 cents (which is expected to be fully franked) in respect of the half year ended 31 December 2014.

Recruit's proposed acquisition of Chandler Macleod is being structured as a members' scheme of arrangement between Chandler Macleod and the Scheme Shareholders. Under the Scheme Implementation Deed, if the Scheme is approved by Chandler Macleod Shareholders and the Court and all other Conditions Precedent are satisfied or waived (as applicable) and the Scheme proceeds, Chandler Macleod Shareholders will receive A\$0.53 cash for each Chandler Macleod Share held on the Scheme Record Date (which is currently expected to be 9 April 2015). The Scheme Consideration would then be paid to Shareholders on the Implementation Date (which is currently expected to be 16 April 2015) or as soon as practicable thereafter, with no brokerage or other transaction costs applying to the transfer of shares to Recruit under the Scheme.

Chandler Macleod Shareholders on the Dividend Record Date (which is currently expected to be 31 March 2015) will also be entitled to receive the Dividend of A\$0.017, expected to be fully franked, in respect of each Chandler Macleod Share they hold on that date. The Dividend is in respect of the half year ended 31 December 2014 and is expected to be paid in cash to Chandler Macleod Shareholders on 8 April 2015.

Chandler Macleod Shareholders holding Chandler Macleod Shares on both the Scheme Record Date and the Dividend Record Date will receive a total cash payment of A\$0.547 for each such Chandler Macleod Share held.

This Scheme Booklet contains details of the Scheme, including the basis for the Chandler Macleod Directors recommending the Scheme and the Independent Expert's Report, together with information on how to cast your vote. I encourage you to read it carefully.

The Chandler Macleod Directors believe that the significant premium and overall terms and conditions of Recruit's offer present an excellent opportunity which realises compelling value for Chandler Macleod Shareholders. Accordingly, the Chandler Macleod Directors unanimously recommend that you vote in favour of the Scheme and the Chandler Macleod Directors intend to vote all the Chandler Macleod Shares they hold (or that are held on their behalf) in favour of the Scheme, in each case in the absence of a Superior Proposal.

The Directors carefully assessed the general risks of the markets in which the Chandler Macleod Group operates as well as the risks specific to the Chandler Macleod Group and the industries in which it operates if it were to continue as an independent entity. The Directors believe that the significant premium and overall terms and conditions of Recruit's cash offer presents an opportunity to realise immediate, substantial and certain value for Chandler Macleod Shareholders. Importantly, if the Scheme becomes Effective, it eliminates the uncertainties and risks that will arise if Chandler Macleod is to continue as an independent entity.

In recommending the Scheme, the Directors have taken into account the following:

- **The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Chandler Macleod Shareholders, in the absence of a Superior Proposal:** The Chandler Macleod Board appointed Sumner Hall Associates as an Independent Expert to review the Scheme and opine on whether the Scheme is fair and reasonable and in the best interests of Chandler Macleod Shareholders. Sumner Hall Associates has assessed the underlying value for 100% control of the shares in Chandler Macleod at between A\$0.46 and A\$0.53 per Chandler Macleod Share and has therefore concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Chandler Macleod Shareholders, in the absence of a Superior Proposal. The reasons why the Independent Expert reached this conclusion are set out in the Independent Expert's Report, a copy of which is included in Annexure 3.
- **Significant premium to Chandler Macleod trading price:** The Scheme Consideration of A\$0.53 per Chandler Macleod Share values Chandler Macleod's equity at approximately A\$290 million and represents an attractive premium of:
 - 82.8% to the closing price of Chandler Macleod Shares on ASX of A\$0.290 on 14 January 2015, being the day of the announcement of Chandler Macleod's entry into the Scheme Implementation Deed with Recruit (such announcement having been made after the close of trading on ASX on 14 January 2015);
 - 67.6% to the 30 trading day VWAP of Chandler Macleod Shares on ASX of A\$0.316 up to and including 14 January 2015; and
 - 51.0% to the 90 trading day VWAP of Chandler Macleod Shares on ASX of A\$0.351 up to and including 14 January 2015.
- **The Scheme Consideration delivers certain cash value:** If implemented, the Scheme Consideration delivers certain cash proceeds expected to be paid to Chandler Macleod Shareholders on the Implementation Date (currently expected to be 16 April 2015) or as soon as practicable thereafter.

RGF intends to satisfy the aggregate Scheme Consideration through the Recruit Group's cash reserves, which in aggregate are expected to exceed the maximum consideration payable to Chandler Macleod Shareholders under the Scheme.

- **Chandler Macleod Shareholders will be paid the Dividend:** Chandler Macleod Shareholders on the Dividend Record Date (currently expected to be 31 March 2015) will be entitled to receive the Dividend of A\$0.017, expected to be fully franked, in respect of each Chandler Macleod Share that they hold on that date. The Dividend is in respect of the half year ended 31 December 2014 and is expected to be paid in cash to Chandler Macleod Shareholders on 8 April 2015. If the Scheme does not become Effective, the Dividend will still be payable but the Chandler Macleod Board may review and re-determine the amount of the Dividend. If this occurs, Chandler Macleod will make an announcement to ASX at the relevant time.
- **Chandler Macleod Shares are likely to trade below the Scheme Consideration in the event the Scheme does not proceed:** The Chandler Macleod Directors believe that the Chandler Macleod Share price is likely to fall if the Scheme is not implemented and no Superior Proposal emerges. The Chandler Macleod business continues to face general risks as well as risks specific to Chandler Macleod and / or the industries in which it operates, including those outlined in Section 7 which may impact the ability to deliver growth to Shareholders into the future. The A\$0.53 cash per Chandler Macleod Share available to Chandler Macleod Shareholders under the Scheme is likely to provide a superior and certain outcome to the risk and time adjusted returns that could be delivered from the Chandler Macleod Group continuing as an independent ASX listed company.
- **Since the announcement of the Scheme, no Superior Proposal has emerged:** Since the announcement of the Scheme on 14 January 2015 and up to the date of this Scheme Booklet, no Superior Proposal has emerged and your Directors are not aware of any Superior Proposal that is likely to emerge.

There may be reasons why you may choose to vote against the Scheme, such as:

- You may disagree with the recommendation of the Chandler Macleod Directors or the conclusion of the Independent Expert.
- You may prefer to participate in Chandler Macleod's future financial performance, any potential upside or the future prospects of its business that may result from continuing to be a Chandler Macleod Shareholder.
- The taxation consequences of the Scheme may not suit your financial position and individual circumstances.
- You may consider that there is a possibility that a Superior Proposal will emerge.

If the Scheme is not implemented and no Superior Proposal emerges, Chandler Macleod will continue as an independent entity listed on the ASX and Scheme Shareholders will not receive the Scheme Consideration of A\$0.53 cash per Scheme Share. In addition, if the Scheme does not become Effective, the Dividend will still be payable but the Chandler Macleod Board may review and re-determine the amount of the Dividend.

The Scheme Meeting will be held on Wednesday, 25 March 2015 at Level 18, 363 George Street, Sydney, New South Wales, Australia at 9:00am (Sydney time).

In order for the Scheme to proceed, the requisite majorities of Chandler Macleod Shareholders must vote in favour of the Scheme. You can vote by attending the Scheme Meeting, or by appointing a proxy or attorney to attend the Scheme Meeting and vote on your behalf. A proxy form is provided with this Scheme Booklet. Alternatively you may lodge a proxy online at www.votingonline.com.au/chandlergm2015. Further information on the Scheme approval requirements and how to vote is provided in Section 4.9.

Chandler Macleod released its half year results for the half year ended 31 December 2014 on 16 February 2015, and I would encourage you to review the half year results prior to voting at the Scheme Meeting. The half year results are summarised in Section 5.6 of this Scheme Booklet and are available in full on the ASX website (www.asx.com.au).

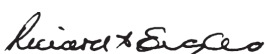
I encourage you to read this Scheme Booklet carefully and in its entirety, as it contains important information that will need to be considered before you vote on the Scheme Resolution required to implement the Scheme. I also encourage you to seek independent legal, financial, taxation or other appropriate professional advice.

If you have any questions in relation to the Scheme or this Scheme Booklet, please contact the Chandler Macleod Shareholder Information Line on 1300 375 155 (from within Australia) or +61 2 8267 4681 (from outside Australia) Monday to Friday between 8:30am and 5:30pm (Sydney time), or contact your legal, financial, taxation or other professional adviser.

Your vote is extremely important in order to ensure that the Scheme is implemented and its benefits are unlocked for Chandler Macleod Shareholders.

On behalf of your Board, I would like to thank you for your support of Chandler Macleod.

Yours sincerely



Richard England
Chairman
Chandler Macleod Group Limited

Key dates

Key dates

Date of this Scheme Booklet	20 February 2015
First Court Date	20 February 2015
Latest time and date for receipt of proxy forms (including proxies lodged online) or powers of attorney by the Chandler Macleod Share Registry for the Scheme Meeting	9:00am (Sydney time) on 23 March 2015
Time and date for determining eligibility to vote at the Scheme Meeting	7:00pm (Sydney time) on 23 March 2015
Scheme Meeting	25 March 2015
If the Scheme is approved by Chandler Macleod Shareholders:	
Second Court Date	31 March 2015
Outcome of Second Court Hearing announced to ASX	31 March 2015
Effective Date	31 March 2015
Dividend Record Date	31 March 2015
Last day of trading in Chandler Macleod Shares on ASX. Chandler Macleod Shares suspended from trading on ASX from close of trading on ASX	31 March 2015
Dividend paid to Chandler Macleod Shareholders	8 April 2015
Scheme Record Date (for determining entitlements to Scheme Consideration)	9 April 2015
Implementation Date (Scheme Consideration will be despatched to Scheme Shareholders on the Implementation Date or as soon as practicable thereafter)	16 April 2015

All dates in the above timetable are indicative only and are subject to change. The parties may vary any or all of these dates and times and will provide reasonable notice of any such variation. Certain times and dates are conditional on the approval of the Scheme by Chandler Macleod Shareholders and by the Court. Any changes will be announced by Chandler Macleod to ASX and published on Chandler Macleod's website at www.chandlermacleod.com

1 Summary of the Scheme

1.1 The Scheme

Scheme Consideration and Dividend

Under the Scheme, Recruit will acquire all of the Scheme Shares through its wholly-owned Subsidiary RGF. If the Scheme becomes Effective and you are a Scheme Shareholder on the Scheme Record Date, you will receive the Scheme Consideration of A\$0.53 cash.

If you are a Chandler Macleod Shareholder on the Dividend Record Date (currently expected to be 31 March 2015), you will be entitled to receive the Dividend of A\$0.017, expected to be fully franked, in respect of each Chandler Macleod Share that you hold on that date. The Dividend is in respect of the half year ended 31 December 2014.

You will receive your Scheme Consideration and Dividend by way of direct credit transfer or cheque. You will receive your Scheme Consideration on the Implementation Date (currently expected to be 16 April 2015) or as soon as practicable thereafter and it is expected that you will receive the Dividend on 8 April 2015.

In order for the Scheme to proceed, the Scheme Resolution approving the Scheme must be passed by the requisite majorities of Chandler Macleod Shareholders (other than Excluded Shareholders) at the Scheme Meeting to be held on 25 March 2015. Further information on the Scheme approval requirements and how to vote is provided in Section 4.9.

The Scheme is also subject to the satisfaction or waiver of various Conditions Precedent (as applicable), as summarised in Section 4.6.

Chandler Macleod Directors' recommendation

The Chandler Macleod Directors unanimously recommend that you vote in favour of the Scheme at the upcoming Scheme Meeting, in the absence of a Superior Proposal.

The Chandler Macleod Directors intend to vote all of the Chandler Macleod Shares held by them or on their behalf in favour of the Scheme Resolution, in the absence of a Superior Proposal.

The Chandler Macleod Directors believe that the reasons for Chandler Macleod Shareholders (other than Excluded Shareholders) to vote in favour of the Scheme Resolution outweigh the reasons to vote against it, in the absence of a Superior Proposal. These reasons and other relevant considerations are set out in Section 2.

Independent Expert's conclusion

The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Chandler Macleod Shareholders, in the absence of a Superior Proposal. You should also read the Independent Expert's Report which is contained in Annexure 3.

1.2 Next steps for Chandler Macleod Shareholders

You should read this Scheme Booklet carefully in its entirety, including the reasons to vote in favour or against the Scheme (as set out in Section 2), before making any decision on how to vote on the Scheme Resolution.

Answers to various frequently asked questions about the Scheme are set out in Section 3. If you have any additional questions about this Scheme Booklet or the Scheme, please contact the Chandler Macleod Shareholder Information Line on 1300 375 155 (from within Australia) or +61 2 8267 4681 (from outside Australia) Monday to Friday between 8:30am and 5:30pm (Sydney time), or contact your legal, financial, taxation or other professional adviser.

Voting entitlement

If you are registered as a Chandler Macleod Shareholder on the Chandler Macleod Share Register at 7:00pm (Sydney time) on 23 March 2015, you will be entitled to attend and vote at the Scheme Meeting to be held on 25 March 2015.

Any Chandler Macleod Shares held by Excluded Shareholders will not be voted at the Scheme Meeting.

How to vote

You can vote on the Scheme Resolution at the upcoming Scheme Meeting on 25 March 2015 in any of the following ways:

- in person by attending the Scheme Meeting at Level 18, 363 George Street, Sydney, New South Wales, Australia at 9:00am (Sydney time) on 25 March 2015;
- by appointing a proxy or attorney to attend the Scheme Meeting and vote on your behalf:
 - by lodging a proxy online at www.votingonline.com.au/chandlergm2015;
 - by mailing the enclosed Scheme Meeting Proxy Form to the Chandler Macleod Share Registry at Boardroom Pty Limited GPO Box 3993, Sydney New South Wales 2001, Australia;
 - by faxing the enclosed Scheme Meeting Proxy Form to +61 2 9290 9655;
 - by hand delivering the enclosed Scheme Meeting Proxy Form to the Chandler Macleod Share Registry at Level 7, 207 Kent Street, Sydney, New South Wales, Australia between 9:00am and 5:00pm (Sydney time) on a Business Day; or
- in the case of a body corporate, by appointing a body corporate representative to attend the Scheme Meeting and vote on your behalf, using a certificate of appointment of body corporate representative.

To be valid, a proxy must be received by the Chandler Macleod Share Registry by 9:00am (Sydney time) on 23 March 2015.

2 Key considerations relevant to your vote

Chandler Macleod announced on 14 January 2015 its entry into the Scheme Implementation Deed with Recruit at a price of A\$0.53 per Chandler Macleod Share.

Under the terms of the Scheme Implementation Deed, Chandler Macleod is permitted to pay the Dividend of A\$0.017 per Chandler Macleod Share. The Chandler Macleod Board has determined that Chandler Macleod Shareholders on the Dividend Record Date (currently expected to be 31 March 2015) will be entitled receive the Dividend of A\$0.017 for the half year ended 31 December 2014, expected to be fully franked, in respect of each Chandler Macleod Share that they hold on that date. The Dividend is expected to be paid on 8 April 2015.

If the Scheme does not become Effective, the Dividend will still be payable but the Chandler Macleod Board may review and re-determine the amount of the Dividend.

The Chandler Macleod Directors unanimously recommend that, in the absence of a Superior Proposal, Chandler Macleod Shareholders (other than Excluded Shareholders) vote in favour of the Scheme at the Scheme Meeting, for the reasons set out below.

2.1 Summary of reasons why you might vote for and against the Scheme

(a) Reasons to vote in favour of the Scheme

- (1) The Chandler Macleod Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal.
- (2) The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Chandler Macleod Shareholders, in the absence of a Superior Proposal.
- (3) The Scheme Consideration of A\$0.53 cash per Chandler Macleod Share represents a significant premium.
- (4) The Scheme will deliver immediate and certain value in the form of cash consideration to Scheme Shareholders.
- (5) Chandler Macleod Shareholders on the Dividend Record Date will be paid the A\$0.017 Dividend (expected to be fully franked).
- (6) The Chandler Macleod Share price is likely to fall if the Scheme does not become Effective and no Superior Proposal emerges.
- (7) If the Scheme does not proceed, Chandler Macleod Shareholders will continue to be exposed to general risks as well as risks specific to Chandler Macleod and / or the industries in which it operates rather than realising certain value for their Chandler Macleod Shares if the Scheme is implemented.
- (8) Since the announcement of the Scheme, no Superior Proposal has emerged.
- (9) There are no brokerage or stamp duty costs payable by Scheme Shareholders on disposal of their Scheme Shares.

Reasons to vote in favour of the Scheme are discussed in more detail in Section 2.2.

(b) Reasons to vote against the Scheme

- (1) You may disagree with the recommendation of the Chandler Macleod Directors and the conclusion of the Independent Expert.
- (2) You may prefer to participate in Chandler Macleod's future financial performance, any potential upside or the future prospects of its business that may result from continuing to be a Chandler Macleod Shareholder.
- (3) The taxation consequences of the Scheme may not be suitable to your financial position and individual circumstances.
- (4) You may consider that there is a possibility that a Superior Proposal will emerge.

Reasons to vote against the Scheme are discussed in more detail in Section 2.3.

2.2 Reasons to vote in favour of the Scheme

(a) The Chandler Macleod Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal

The Chandler Macleod Directors unanimously recommend that, in the absence of a Superior Proposal, you vote in favour of the Scheme Resolution required to implement the Scheme at the Scheme Meeting to be held on 25 March 2015.

In reaching their recommendation, the Chandler Macleod Directors have assessed the Scheme having regard to the reasons to vote in favour of, or against, the Scheme, as set out in this Scheme Booklet.

In the absence of a Superior Proposal, the Chandler Macleod Directors intend to vote all the Chandler Macleod Shares held by them, or on their behalf, in favour of the Scheme. The interests of Chandler Macleod Directors are set out in Section 8.1.

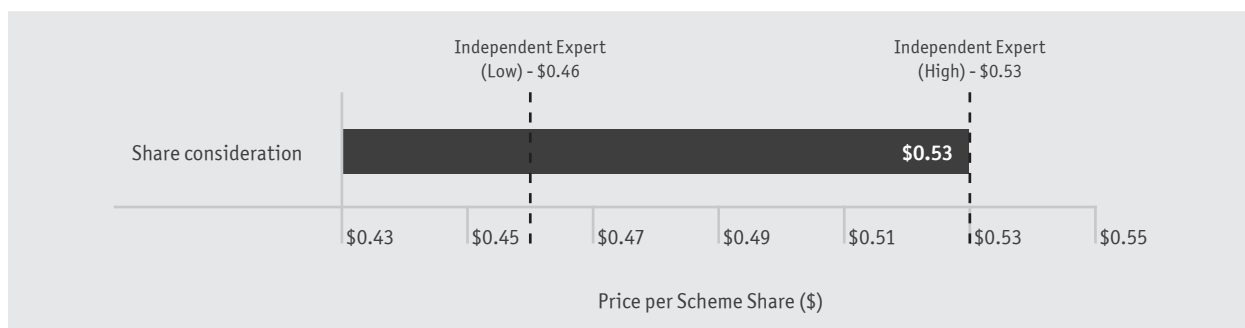
The Chandler Macleod Directors believe that the Scheme Consideration provides an opportunity for you to realise a cash value for your Chandler Macleod Shares within a certain time frame at a significant premium to the market price of Chandler Macleod Shares prior to the announcement of Chandler Macleod's entry into the Scheme Implementation Deed with Recruit on 14 January 2015.

(b) The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Chandler Macleod Shareholders, in the absence of a Superior Proposal

The Chandler Macleod Directors appointed Sumner Hall Associates as Independent Expert to prepare an Independent Expert's Report providing an opinion as to whether the Scheme is fair and reasonable and is in the best interests of Chandler Macleod Shareholders.

The Independent Expert has assessed the underlying value for 100% control of the shares in Chandler Macleod to be in the range of A\$0.46 and A\$0.53 per Chandler Macleod Share. The Independent Expert notes that the Scheme Consideration of A\$0.53 cash per Chandler Macleod Share is at the top end of this range. Accordingly, the Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Chandler Macleod Shareholders, in the absence of a Superior Proposal.

Comparison of Scheme Consideration of A\$0.53 to Independent Expert's range of the underlying value per Chandler Macleod Share



The reasons why the Independent Expert reached this conclusion are set out in the Independent Expert's Report, a copy of which is included in Annexure 3. You should read the Independent Expert's Report in its entirety as part of your assessment of the Scheme and before voting on the Scheme Resolution.

The Independent Expert notes that:

- the Scheme allows for Chandler Macleod Shareholders to sell their Chandler Macleod Shares for cash at a price that significantly exceeds the recent trading range for Chandler Macleod Shares, which opportunity may not be otherwise available for some time, at least in the short term (in the absence of the Scheme or an alternative proposal);
- in the absence of the Scheme or other proposals for the acquisition of 100% of Chandler Macleod, the Independent Expert expects that Chandler Macleod Shares would trade at prices significantly below current market prices (which reflect the consideration to be paid by Recruit if the Scheme becomes Effective and the proposed Dividend for the half year ended 31 December 2014); and
- Recruit's offer price of A\$0.53 represents a premium of 82.8% over the last trading price of A\$0.29 immediately prior to the announcement of the Scheme and a 65.6% premium to the A\$0.32 average price at which Chandler Macleod Shares traded over the two months preceding the announcement of the Scheme.¹

(c) The Scheme Consideration of A\$0.53 cash per Scheme Share represents a significant premium

The Scheme Consideration of A\$0.53 cash per Scheme Share, which will be paid to Scheme Shareholders if the Scheme is approved and implemented, represents a significant premium to Chandler Macleod's recent historical trading prices prior to the announcement of Chandler Macleod's entry into the Scheme Implementation Deed with Recruit on 14 January 2015.

The Scheme Consideration of A\$0.53 cash per Scheme Share represents a premium of:

- 82.8% to the closing price of Chandler Macleod Shares on ASX of A\$0.290 on the Announcement Date;
- 67.6% to the 30 trading day VWAP of Chandler Macleod Shares on ASX of A\$0.316 up to and including the Announcement Date; and
- 51.0% to the 90 trading day VWAP of Chandler Macleod Shares on ASX of A\$0.351 up to and including the Announcement Date.

Comparison of Scheme Consideration of A\$0.53 to historical trading prices of Chandler Macleod Shares

¹ Independent Expert's Report, pages 2 – 4.



Source: IRESS² (as at Last Practicable Date)

(d) The Scheme will deliver immediate and certain value in the form of cash consideration to Scheme Shareholders

The offer from Recruit is a 100% cash offer for the Scheme Shares. If the Scheme is implemented, the Scheme Consideration of A\$0.53 per Scheme Share provides a high degree of certainty of value.

Specifically, if all the Conditions Precedent for the Scheme are satisfied or waived, as applicable, Scheme Shareholders will receive A\$0.53 cash per Scheme Share to be paid on the Implementation Date (currently expected to be 16 April 2015) or as soon as practicable thereafter. In contrast, if the Scheme does not proceed, the amount which Chandler Macleod Shareholders will be able to realise for their investment in Chandler Macleod Shares will be uncertain (including in relation to future earnings pressure on Chandler Macleod's business divisions and the execution of future strategic initiatives). The Scheme removes this uncertainty for Scheme Shareholders. For details of risks relating to an investment in Chandler Macleod Shares, see Section 7.

(e) Chandler Macleod Shareholders on the Dividend Record Date will be paid the A\$0.017 Dividend (expected to be fully franked)

Chandler Macleod Shareholders on the Dividend Record Date (currently expected to be 31 March 2015) will be paid the Dividend of A\$0.017, expected to be fully franked, in respect of each Chandler Macleod Share held on that date. The Dividend is in respect of the half year ended 31 December 2014 and is expected to be paid on 8 April 2015.

You should read Annexure 1 of this Scheme Booklet which contains details of the taxation treatment of this Dividend.

If the Scheme does not become Effective, the Dividend will still be payable but the Chandler Macleod Board may review and re-determine the amount of the Dividend. If this occurs, Chandler Macleod will make an announcement to ASX at the relevant time.

(f) The Chandler Macleod Share price is likely to fall if the Scheme does not become Effective and no Superior Proposal emerges

If the Scheme is not implemented, and in the absence of a Superior Proposal, Chandler Macleod Shares are likely to trade below the price at which they have traded since the original announcement of Chandler Macleod's entry into the Scheme Implementation Deed with Recruit on 14 January 2015.

In addition, the future trading price of Chandler Macleod Shares will continue to be subject to any market volatility versus the certain value of A\$0.53 cash per Chandler Macleod Share available under the Scheme.

(g) If the Scheme does not proceed, Chandler Macleod Shareholders will continue to be exposed to general risks as well as risks specific to Chandler Macleod and / or the industries in which it operates rather than realising certain value for their Chandler Macleod Shares in a certain timeframe

If the Scheme does not proceed, the amount which Chandler Macleod Shareholders will be able to realise for their Chandler Macleod Shares in terms of price and future dividends will necessarily be uncertain and subject to a number of risks including those outlined in Section 7. Among other things, this will be subject to the performance of Chandler Macleod's business from time to time, general economic conditions and movements in the share market.

(h) Since the announcement of the Scheme, no Superior Proposal has emerged

Since the announcement of Chandler Macleod's entry into the Scheme Implementation Deed with Recruit on 14 January 2015 and up to the date of this Scheme Booklet, no Superior Proposal has emerged, and your Directors are not aware of any Superior Proposal that is likely to emerge.

² This Scheme Booklet contains various references to trading data prepared by IRESS Limited (ACN 060 313 359) who has not consented to such use of references to that trading data in this Scheme Booklet.

- (i) **There are no brokerage costs or stamp duty payable by Scheme Shareholders on disposal of their Scheme Shares**

You will not incur any brokerage or stamp duty costs on the transfer of your Chandler Macleod Shares to RGF pursuant to the Scheme.

2.3 Reasons to vote against the Scheme

- (a) **You may disagree with the recommendation of the Chandler Macleod Directors or the conclusion of the Independent Expert**

You may disagree with the recommendation of the Chandler Macleod Directors, who have unanimously recommended that Chandler Macleod Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal.

In addition, you may disagree with the conclusion of the Independent Expert, who has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Chandler Macleod Shareholders, in the absence of a Superior Proposal.

- (b) **Chandler Macleod Shareholders may prefer to participate in Chandler Macleod's future financial performance, any potential upside or the future prospects of its business that may result from continuing to be a Chandler Macleod Shareholder**

You may prefer to be able to participate in Chandler Macleod's future financial performance, any potential upside or the future prospects of its business. However, as with all investments in securities, there can be no guarantee as to Chandler Macleod's future performance.

If the Scheme is approved and implemented, you will cease to be a Chandler Macleod Shareholder and Chandler Macleod will be removed from the official list of ASX. Following delisting, investors will no longer be able to acquire or trade in Chandler Macleod Shares.

- (c) **The taxation consequences of the Scheme may not suit a Chandler Macleod Shareholder's financial position and individual circumstances**

If the Scheme is approved and implemented, it will potentially result in taxation consequences (including CGT) for Scheme Shareholders, which will arise earlier than may otherwise have been the case. You should read the Tax Adviser's Report set out in Annexure 1 which provides an overview of the Australian taxation consequences for Scheme Shareholders, and also seek professional taxation advice in relation to your individual tax circumstances.

- (d) **Chandler Macleod Shareholders may consider that there is a possibility that a Superior Proposal will emerge**

You may consider that there is potential for a Superior Proposal for Chandler Macleod Shares to emerge in the foreseeable future. However, the Chandler Macleod Directors consider that the possibility of a Superior Proposal emerging in the foreseeable future is low because since the announcement of Chandler Macleod's entry into the Scheme Implementation Deed with Recruit on 14 January 2015:

- no Superior Proposal has emerged; and
- no Chandler Macleod Director has received any approaches which would cause him or her to believe that a Superior Proposal is likely to emerge.

2.4 Other Considerations

- (a) **The Scheme may proceed even if you do not vote at the Scheme Meeting or if you vote against the Scheme Resolution**

The Scheme will be implemented if the Scheme Resolution is duly passed by the requisite majorities of Chandler Macleod Shareholders (other than Excluded Shareholders), all other Conditions Precedent are satisfied or waived (as applicable) and the Scheme is approved by the Court, regardless of whether you vote against the Scheme Resolution or do not vote at the Scheme Meeting to be held on 25 March 2015.

If the Scheme is approved and implemented, your Scheme Shares will be transferred to RGF and you will receive the Scheme Consideration of A\$0.53 per Scheme Share.

- (b) **Conditions Precedent**

The Scheme is subject to a number of Conditions Precedent, which are summarised in Section 4.6.

If these Conditions Precedent are not satisfied or waived (as applicable), the Scheme will not proceed (even if it has been approved by the requisite majorities of Chandler Macleod Shareholders (other than Excluded Shareholders)). If the Scheme does not proceed, Scheme Shareholders will not receive the Scheme Consideration as contemplated by the Scheme and the Dividend will still be payable but the Chandler Macleod Board may review and re-determine the amount of the Dividend (see Section 9.3 for further details).

As at the date of this Scheme Booklet, the Scheme remained conditional on the following Conditions Precedent as outlined further in Section 4.6:

- approval of the Scheme by the requisite majorities of Chandler Macleod Shareholders (other than Excluded Shareholders) at the Scheme Meeting;
- obtaining Court approval of the Scheme;
- no Court or Government Agency restraining, preventing or delaying the implementation of the Transaction;
- no Prescribed Occurrence occurring;
- no Regulated Event occurring; and
- no Material Adverse Change occurring.

Approval has been obtained from the Australian Foreign Investment Review Board (**FIRB**) in relation to the Transaction and the Condition Precedent relating to agreements being entered into for the cancellation of all Chandler Macleod Options has also been satisfied, as outlined further in Section 9.5.

(c) Reimbursement fees

A reimbursement fee of A\$3,000,000 is payable by Chandler Macleod to Recruit in a number of circumstances, including (among others):

- where there is a certain specified breach of the Scheme Implementation Deed by Chandler Macleod or where the Court fails to approve the Scheme (following approval of the Scheme by Chandler Macleod Shareholders (other than Excluded Shareholders) at the Scheme Meeting) as a result of material non-compliance by Chandler Macleod with any of its obligations under the Scheme Implementation Deed;
- where a Competing Proposal is announced during the Exclusivity Period and, within 12 months of such announcement, the Competing Proposal results in a Third Party acquiring a Relevant Interest in more than 50% of the Chandler Macleod Shares, acquiring Control of Chandler Macleod, acquiring all or a substantial part of Chandler Macleod's (or the Chandler Macleod Group's) business or assets, or otherwise acquiring, merging or amalgamating with Chandler Macleod; or
- where there is a change in recommendation of any Chandler Macleod Board Member (unless certain specified exceptions apply, including by reference to the conclusion of the Independent Expert) or any Chandler Macleod Board Member supports or endorses a Competing Proposal.

A failure by Chandler Macleod Shareholders to pass the Scheme Resolution at the Scheme Meeting will not trigger Chandler Macleod's obligation to pay a reimbursement fee to Recruit.

A reimbursement fee of A\$3,000,000 is payable by Recruit to Chandler Macleod in a certain limited circumstances, including (among others) where there is a certain specified breach of the Scheme Implementation Deed by Recruit or where the Court fails to approve the Scheme (following approval of the Scheme by Chandler Macleod Shareholders at the Scheme Meeting) as a result of material non-compliance by Recruit with any of its obligations under the Scheme Implementation Deed.

Please refer to Section 9.1(e) for a full summary of the reimbursement fee obligations.

3 Frequently asked questions

This Section 3 answers some frequently asked questions about the Scheme. It is not intended to address all relevant issues for Chandler Macleod Shareholders. This Section 3 should be read together with all other parts of this Scheme Booklet.

Question	Answer	More information
The Scheme, the Scheme Consideration and the Dividend		
What is the Scheme?	<p>The Scheme is a scheme of arrangement between Chandler Macleod and the Scheme Shareholders.</p> <p>If the Scheme becomes Effective, RGF (a wholly-owned Subsidiary of Recruit) will acquire all of the Scheme Shares for A\$0.53 cash per Scheme Share, and Chandler Macleod will become a Subsidiary of Recruit.</p>	Section 4 contains a summary of the Scheme and a copy of the Scheme is contained in Annexure 4.
Am I entitled to receive the Scheme Consideration?	Persons who are Chandler Macleod Shareholders at the Scheme Record Date (currently expected to be 9 April 2015), other than the Excluded Shareholders, are Scheme Shareholders and are entitled to receive the Scheme Consideration for each Scheme Share they hold.	
What will I be entitled to receive if the Scheme becomes Effective?	If the Scheme becomes Effective, Scheme Shareholders will be entitled to receive A\$0.53 cash on the Implementation Date (currently expected to be 16 April 2015), or as soon as practicable thereafter, for each Scheme Share held by them on the Scheme Record Date (currently expected to be 9 April 2015).	Section 4.2 contains further information in relation to the Scheme Consideration.
Am I entitled to receive the Dividend?	If you are a Chandler Macleod Shareholder on the Dividend Record Date (currently expected to be 31 March 2015), you will be entitled to receive the Dividend of A\$0.017, expected to be fully franked, in respect of each Chandler Macleod Share that you hold on that date. The Dividend is in respect of the half year ended 31 December 2014 and is expected to be paid on 8 April 2015.	Section 9.3 contains further details about the Dividend.
Will I receive any further dividends from Chandler Macleod?	<p>Under the terms of the Scheme Implementation Deed, Chandler Macleod is permitted to pay the Dividend of A\$0.017 per Chandler Macleod Share for the half year ended 31 December 2014.</p> <p>Chandler Macleod is not permitted under the terms of the Scheme Implementation Deed to pay any further dividends.</p>	Section 9.3 contains further details about the Dividend.
Will the Dividend be paid if the Scheme does not proceed?	If the Scheme does not proceed, the Dividend will still be payable but the Chandler Macleod Board may review and re-determine the amount of the Dividend.	Section 9.3 contains further details about the Dividend.
What are the risks associated with my investment in Chandler Macleod if the Scheme does not become Effective?	<p>If the Scheme does not become Effective, and no Superior Proposal emerges, the price of Chandler Macleod Shares is likely to fall.</p> <p>In addition, if the Scheme does not become Effective and no Superior Proposal emerges, Chandler Macleod Shareholders will continue to be subject to general risks as well as risks specific to Chandler Macleod and / or the industries in which it operates, including those set out in Section 7.</p>	Section 7 contains further information on the risk factors associated with an investment in Chandler Macleod.
When and how will I receive my Scheme Consideration?	If the Scheme becomes Effective, the Scheme Consideration will be sent to Scheme Shareholders on the Implementation Date (currently proposed to be 16 April 2015) or as soon as practicable thereafter.	See clause 5 of the Scheme contained in Annexure 4.

Question	Answer	More information
	Scheme Shareholders who have validly registered their bank account details with the Chandler Macleod Share Registry before the Scheme Record Date (currently proposed to be 5:00pm (Sydney time) on 9 April 2015) will have their Scheme Consideration transferred directly to their bank account. Scheme Shareholders who have not registered their bank account details with the Chandler Macleod Share Registry by that date and time will have their Scheme Consideration sent by cheque to the address shown on the Chandler Macleod Share Register.	
When and how will I receive the Dividend?	<p>The Dividend is expected to be paid to Chandler Macleod Shareholders on 8 April 2015. Chandler Macleod Shareholders will receive the Dividend for each Chandler Macleod Share held by them on the Dividend Record Date (currently expected to be 31 March 2015).</p> <p>Chandler Macleod Shareholders who have validly registered their bank account details with the Chandler Macleod Share Registry before the Dividend Record Date will have the Dividend transferred directly to their bank account, while Chandler Macleod Shareholders who have not registered their bank account details with the Chandler Macleod Share Registry by that date will have their Dividend sent by cheque to the address shown on the Chandler Macleod Share Register.</p>	Section 9.3 contains further details about the Dividend.
How will RGF fund the Scheme Consideration?	RGF intends to satisfy the aggregate Scheme Consideration through the Recruit Group's cash reserves, which in aggregate are expected to exceed the maximum consideration payable to Scheme Shareholders under the Scheme.	Section 6.4 contains further information about the means by which RGF will fund the Scheme Consideration.
What is required for the Scheme to become Effective?	<p>The Scheme will become Effective if:</p> <ul style="list-style-type: none"> the Scheme is approved by the requisite majorities of Chandler Macleod Shareholders at the Scheme Meeting to be held on 25 March 2015; all of the other Conditions Precedent are satisfied or waived (as applicable); and the Court approves the Scheme at the Second Court Hearing. 	Section 4.9 contains further information on the Scheme approval requirements.
The acquirer		
Who is Recruit?	Recruit is a global business listed on the Tokyo Stock Exchange with operations in HR media, staffing and marketing media.	Section 6.2 contains further details about Recruit and its business.
Who is RGF?	RGF is an Australian proprietary company established for the sole purpose of acquiring all of the Chandler Macleod Shares if the Scheme is implemented. RGF is wholly owned by Recruit.	Section 6.1 contains further details about RGF.
What is Recruit's intention for Chandler Macleod?	<p>Some of Recruit's specific intentions for Chandler Macleod (which have been formed on the basis of facts and information concerning the Chandler Macleod Group, and the general economic and business environment, which are known by Recruit at the time this Scheme Booklet was prepared) include:</p> <ul style="list-style-type: none"> undertaking a detailed review of Chandler Macleod's operations covering strategic, financial and commercial operating matters to determine the optimum manner of operating and managing the business; 	Section 6.5 contains further details about the Recruit's present intentions for the Chandler Macleod Group after the Scheme is implemented.

Question	Answer	More information
	<ul style="list-style-type: none"> ▪ procuring that Chandler Macleod apply to the ASX for Chandler Macleod to be removed from ASX's official list; and ▪ replacing the current Chandler Macleod Board Members with nominees of Recruit (who are yet to be identified). It is expected, however, that Cameron Judson, CEO of Chandler Macleod, will retain his position on the Chandler Macleod Board as a nominee of Recruit. <p>Further details regarding Recruit's present intentions regarding the business are contained in Section 6.5.</p>	
The Conditions Precedent		
Are there any conditions to the Scheme?	<p>There are a number of Conditions Precedent that will need to be satisfied or waived (as applicable) before the Scheme can become Effective.</p> <p>In summary, as at the date of this Scheme Booklet, the outstanding Conditions Precedent include:</p> <ul style="list-style-type: none"> ▪ approval of the Scheme by the Chandler Macleod Shareholders (other than Excluded Shareholders) at the Scheme Meeting by the requisite majorities; ▪ approval of the Scheme by the Court; ▪ no Prescribed Occurrence occurring; ▪ no Regulated Events occurring ▪ no Material Adverse Change occurring; and ▪ no Court or Government Agency restraining, preventing or delaying the implementation of the Transaction. <p>As at the date of this Scheme Booklet, approval has been obtained from FIRB in relation to the Transaction and the Condition Precedent relating to agreements being entered into for the cancellation of all Chandler Macleod Options has been satisfied.</p> <p>Chandler Macleod intends to announce on ASX the satisfaction (or waiver) of the Conditions Precedent to the Scheme.</p>	<p>Section 4.6 contains further information on the Conditions Precedent, and Section 9.5 contains further information on the status of the Conditions Precedents.</p>
When do the conditions have to be satisfied by?	<p>Apart from those Conditions Precedent which must be satisfied on or before the Second Court Date, the Conditions Precedent must be satisfied by the End Date. The End Date is 31 May 2015, unless Chandler Macleod and Recruit agree to extend this date.</p> <p>If the relevant Conditions Precedent are not satisfied by the End Date, the Scheme will not become Effective and will not be implemented. There is no guarantee that Chandler Macleod and Recruit will agree to extend the End Date beyond 31 May 2015.</p>	

Question	Answer	More information
Chandler Macleod Directors' recommendations and intentions, and reasons to vote for or against the Scheme		
What do the Chandler Macleod Directors recommend?	<p>The Chandler Macleod Directors unanimously recommend that Chandler Macleod Shareholders (other than Excluded Shareholders) vote in favour of the Scheme, in the absence of a Superior Proposal.</p> <p>The Chandler Macleod Directors believe that the reasons for Chandler Macleod Shareholders to vote in favour of the Scheme outweigh any reasons to vote against it.</p>	
	The Chandler Macleod Directors encourage you to seek independent legal, financial, taxation or other appropriate professional advice.	
What are the intentions of the Chandler Macleod Directors?	The Chandler Macleod Directors intend to vote in favour of the Scheme at the Scheme Meeting on 25 March 2015, in relation to all the Chandler Macleod Shares held by them, or on their behalf, in the absence of a Superior Proposal.	Details of the Relevant Interests of each Chandler Macleod Director in Chandler Macleod Securities (including Chandler Macleod Shares) are set out in Section 8.1.
What is the opinion of the Independent Expert?	Sumner Hall Associates, as Independent Expert, concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Chandler Macleod Shareholders, in the absence of a Superior Proposal.	Annexure 3 contains the Independent Expert's Report.
Why should you vote in favour of the Scheme?	<p>Reasons why you should vote in favour of the Scheme include:</p> <ul style="list-style-type: none"> the Chandler Macleod Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal; the Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Chandler Macleod Shareholders, in the absence of a Superior Proposal; A\$0.53 cash per Chandler Macleod Share represents a significant premium for your Chandler Macleod Shares (refer to Section 2.2(c) for more information); the Scheme would provide you with the certainty of realising cash value for your Chandler Macleod Shares; Chandler Macleod Shareholders on the Dividend Record Date will be paid the A\$0.017 Dividend (expected to be fully franked); if the Scheme does not become Effective, and no Superior Proposal emerges, the Chandler Macleod Share price is likely to fall; if the Scheme does not become Effective, and no Superior Proposal emerges, Chandler Macleod Shareholders will continue to be subject to general risks as well as risks specific to Chandler Macleod and / or the industries in which it operates, including those set out in Section 7; since the announcement of the Scheme, no Superior Proposal has emerged as at the date of this Scheme Booklet and the Chandler Macleod Board is not aware of any Superior Proposal that is likely to emerge; and no brokerage or stamp duty is payable on the transfer of your Chandler Macleod Shares under the Scheme. 	Sections 2.1 and 2.2 contain further information on why you should vote in favour of the Scheme.

Question	Answer	More information
Why may you consider voting against the Scheme?	<p>Reasons why you may consider voting against the Scheme include:</p> <ul style="list-style-type: none"> ▪ you may disagree with the recommendation of the Chandler Macleod Directors and the conclusions of the Independent Expert; ▪ if the Scheme proceeds, you will no longer be a Chandler Macleod Shareholder and you will not participate in Chandler Macleod's future financial performance, any potential upside or the future prospects of its business that may result from continuing to be a Chandler Macleod Shareholder. However, as with all investments in securities, there can be no guarantee as to Chandler Macleod's future performance; ▪ the tax consequences of the Scheme may not be suitable to your individual financial position and individual circumstances; and ▪ you may consider that there is potential for a Superior Proposal to emerge. 	Sections 2.1 and 2.3 contain further information on why you may consider voting against the Scheme.
The Scheme Meeting and voting at the Scheme Meeting		
When and where will the Scheme Meeting be held?	The Scheme Meeting will be held on 25 March 2015 at Level 18, 363 George Street, Sydney, New South Wales, Australia commencing at 9:00am (Sydney time).	The Notice of Meeting contained in Annexure 6 contains further information on the Scheme Meeting.
What will Chandler Macleod Shareholders be asked to vote on at the Scheme Meeting?	At the Scheme Meeting, Chandler Macleod Shareholders will be asked to vote on whether to approve the Scheme by voting in favour of the Scheme Resolution.	The Scheme Resolution is set out in the Notice of Meeting contained in Annexure 6.
What is the Chandler Macleod Shareholder approval threshold for the Scheme?	<p>In order to become Effective, the Scheme must be approved by:</p> <ul style="list-style-type: none"> ▪ a majority in number (more than 50%) of Chandler Macleod Shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting (either in person or by proxy)³; and ▪ at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Chandler Macleod Shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting (either in person or by proxy). <p>Chandler Macleod Shares held by Excluded Shareholders will not be voted on at the Scheme Meeting.</p> <p>Even if the Scheme is approved by the requisite majorities of Chandler Macleod Shareholders (other than the Excluded Shareholders) at the Scheme Meeting on 25 March 2015, the Scheme is still subject to the approval of the Court (as well as other Conditions Precedent outlined in Section 4.6).</p>	Section 4.9 and the Notice of Meeting contained in Annexure 6 contain further information on the Scheme approval requirements.
Am I entitled to vote at the Scheme Meeting?	<p>If you are registered as a Chandler Macleod Shareholder on the Chandler Macleod Share Register at 7:00pm (Sydney time) on 23 March 2015, you will be entitled to attend and vote at the Scheme Meeting on 25 March 2015.</p> <p>Chandler Macleod Shares held by Excluded Shareholders will not be voted on at the Scheme Meeting.</p>	The Notice of Meeting contained in Annexure 6 sets out further information on your entitlement to vote.

3 It should be noted that the Court has the power to waive this requirement.

Question	Answer	More information
Should I vote?	Voting is not compulsory. However, the Chandler Macleod Directors encourage all Chandler Macleod Shareholders to vote at the Scheme Meeting on 25 March 2015.	Sections 4.3 and 4.4 provide further information on the Chandler Macleod Directors' recommendation and voting intentions.
How can I vote if I can't attend the Scheme Meeting?	If you would like to vote but cannot attend the Scheme Meeting on 25 March 2015 in person, you can vote by appointing a proxy or attorney (including by lodging your proxy online at www.votingonline.com.au/chandlergm2015) to attend and vote on your behalf. You may also vote by corporate representative if that option is applicable to you.	The Notice of Meeting contained in Annexure 6 sets out further details on how to vote at the Scheme Meeting.
Will Recruit vote any Chandler Macleod Shares that it holds at the Scheme Meeting?	No. Recruit will not vote any Chandler Macleod Shares that it or any of its Subsidiaries (including RGF) hold, or which are otherwise held on behalf of, or for the benefit of, any Recruit Group Member at the Scheme Meeting.	Section 6.6 contains further details about the interest of Recruit in Chandler Macleod Shares.
When will the results of the Scheme Meeting be known?	<p>The results of the Scheme Meeting to be held on 25 March 2015 are expected to be available shortly after the conclusion of the Scheme Meeting and will be announced to ASX (www.asx.com.au) once available.</p> <p>Even if the Scheme is approved by the requisite majorities of Chandler Macleod Shareholders, the Scheme will still be subject to the approval of the Court and, most likely, some or all of the other Conditions Precedent outlined in Section 4.6.</p>	
What happens if the Court does not approve the Scheme or the Scheme does not otherwise proceed?	<p>If the Scheme is not approved at the Scheme Meeting on 25 March 2015, or if it is approved at the Scheme Meeting but is not approved by the Court or a Condition Precedent is not fulfilled or otherwise waived (as applicable), then the Scheme will not become Effective and will not be implemented.</p> <p>In such a scenario, Scheme Shareholders will not receive the Scheme Consideration but will retain their Chandler Macleod Shares and continue to be subject to general risks as well as risks specific to Chandler Macleod and / or the industries in which it operates, including those set out in Section 7.</p> <p>In addition, in such a scenario, the Dividend will still be payable but the Chandler Macleod Board may review and re-determine the amount of the Dividend.</p> <p>In these circumstances, the Chandler Macleod Group will, in the absence of a Superior Proposal, continue to operate as a standalone group listed on ASX.</p>	<p>Section 4.7 contains further information on the implications for Chandler Macleod Shareholders if the Scheme does not proceed.</p> <p>Section 9.3 contains further details about the Dividend.</p>
What happens to my Chandler Macleod Shares if I do not vote, or if I vote against the Scheme, and the Scheme becomes Effective?	If you do not vote, or vote against the Scheme, and the Scheme becomes Effective, any Scheme Shares held by you on the Scheme Record Date (currently expected to be 9 April 2015) will be transferred to RGF and you will be sent the Scheme Consideration, despite not having voted or having voted against the Scheme.	
Other questions		
What will happen to Chandler Macleod if the Scheme proceeds?	If the Scheme becomes Effective, Chandler Macleod will be delisted from ASX and become a Subsidiary of Recruit.	Section 6.5 sets out the current intentions of Recruit for Chandler Macleod if the Scheme becomes Effective.

Question	Answer	More information
What happens if a Competing Proposal is received?	<p>If a Competing Proposal is received, the Chandler Macleod Directors will carefully consider the proposal.</p> <p>Chandler Macleod must notify Recruit of that Competing Proposal in accordance with the Scheme Implementation Deed.</p>	Section 9.1(c) contains a summary of Chandler Macleod's obligation to notify Recruit of a Competing Proposal.
Can I sell my Chandler Macleod Shares now?	<p>You can sell your Chandler Macleod Shares on market at any time before the close of trading on ASX on the Effective Date at the then prevailing market price (which may vary from the Scheme Consideration).</p> <p>Chandler Macleod intends to apply to ASX for Chandler Macleod Shares to be suspended from trading on ASX from close of trading on the Effective Date (which is currently proposed to be 31 March 2015). You will not be able to sell your Chandler Macleod Shares on market after this date.</p> <p>If you sell your Chandler Macleod Shares on ASX, you may pay brokerage on the sale, you will not receive the Scheme Consideration and there may be different tax consequences compared to those that would arise if you retain those shares until the Scheme is implemented.</p>	Section 4.8 contains a summary of the choices available to Chandler Macleod Shareholders.
When could Chandler Macleod be required to pay a reimbursement fee?	<p>Under the Scheme Implementation Deed, Chandler Macleod must pay a reimbursement fee of A\$3,000,000 to Recruit in certain circumstances including (among others):</p> <ul style="list-style-type: none"> where there is a certain specified breach of the Scheme Implementation Deed by Chandler Macleod or where the Court fails to approve the Scheme (following approval of the Scheme by Chandler Macleod Shareholders at the Scheme Meeting) as a result of material non-compliance by Chandler Macleod with any of its obligations under the Scheme Implementation Deed; where a Competing Proposal is announced prior to the Effective Date and, within 12 months of such announcement, the Competing Proposal results in a Third Party acquiring a Relevant Interest in more than 50% of the Chandler Macleod Shares, acquiring Control of Chandler Macleod, acquiring all or a substantial part of Chandler Macleod's (or the Chandler Macleod Group's) business or assets, or otherwise acquiring, merging or amalgamating with Chandler Macleod; or where there is a change in recommendation of any Chandler Macleod Board Member (unless certain specified exceptions apply, including by reference to the conclusion of the Independent Expert) or any Chandler Macleod Board Member supports or endorses a Competing Proposal. <p>A failure by Chandler Macleod Shareholders to pass the Scheme Resolution at the Scheme Meeting will not trigger Chandler Macleod's obligation to pay a reimbursement fee to Recruit.</p>	Section 9.1(e) contains further information about the triggers for, and amount of, such potential break fee.
Will I have to pay brokerage or stamp duty?	You will not have to pay brokerage or stamp duty on the transfer of your Chandler Macleod Shares under the Scheme.	

Question	Answer	More information
Do I have to sign anything to transfer my Chandler Macleod Shares?	<p>No. If the Scheme becomes Effective, Chandler Macleod will automatically have authority to sign a transfer on your behalf, and the Scheme Consideration will be paid to you. However, you should be aware that, under the Scheme, you are deemed to have warranted to RGF and Chandler Macleod that (in summary):</p> <ul style="list-style-type: none"> ▪ all your Scheme Shares which are transferred to RGF under the Scheme are fully paid and free from all encumbrances, third party rights and restrictions on transfer, on the date of transfer of your Chandler Macleod Shares; and ▪ you have full power and capacity to transfer your Scheme Shares to RGF together with any rights and entitlements attaching to those shares. 	<p>See Section 4.11 for further information on the warranties given by Scheme Shareholders. The warranties given by Scheme Shareholders are contained in clause 8.2(b) of the Scheme, which is contained in Annexure 4.</p>
What are the taxation implications of the Scheme?	<p>The taxation implications of the Scheme will depend on your personal circumstances.</p> <p>Annexure 1 contains the Tax Adviser's Report which provides an overview of the Australian taxation consequences for Scheme Shareholders.</p> <p>You should seek professional taxation advice with respect to your individual tax situation.</p>	<p>See the Tax Adviser's Report in Annexure 1.</p>
When will the Scheme become Effective?	<p>Subject to satisfaction or waiver (as applicable) of the Conditions Precedent, the Scheme will become Effective on the Effective Date (currently expected to be 31 March 2015) and will be implemented on the Implementation Date (currently expected to be 16 April 2015).</p>	<p>Section 4.9 contains further information on when the Scheme will become Effective.</p>
Where can I get further information?	<p>For further information, you can call the Chandler Macleod Shareholder Information Line on 1300 375 155 (from within Australia) or +61 2 8267 4681 (from outside Australia) Monday to Friday between 8:30am to 5:30pm (Sydney time).</p> <p>If you are in doubt about anything in this Scheme Booklet, please contact your financial, legal, taxation or other professional adviser.</p>	

4 Overview of the Scheme

4.1 Background

On 14 January 2015, Chandler Macleod announced that it had entered into the Scheme Implementation Deed with Recruit, in relation to the acquisition of all of the Scheme Shares by RGF by way of scheme of arrangement for A\$0.53 cash per Chandler Macleod Share.

Under the terms of the Scheme Implementation Deed, Chandler Macleod is permitted to pay the Dividend of A\$0.017 per Chandler Macleod Share. The Chandler Macleod Board has determined that Chandler Macleod Shareholders on the Dividend Record Date (currently expected to be 31 March 2015) will be entitled receive the Dividend of A\$0.017 for the half year ended 31 December 2014, expected to be fully franked, in respect of each Chandler Macleod Share that they hold on that date. The Dividend is expected to be paid on 8 April 2015.

This Section 4 contains an overview of the Scheme. A summary of the Scheme Implementation Deed is included in Section 9.1 and a copy of the Scheme Implementation Deed is attached to Chandler Macleod's ASX announcement of 14 January 2015 (available on the ASX website (www.asx.com.au)).

If the Scheme becomes Effective and is implemented, RGF will acquire all of the Scheme Shares, and Chandler Macleod will become a wholly-owned Subsidiary of RGF and part of the Recruit Group.

4.2 Scheme Consideration

If the Scheme becomes Effective, Scheme Shareholders will receive the cash amount of A\$0.53 for each Scheme Share. The Scheme Consideration will be sent to Scheme Shareholders on the Implementation Date or as soon as practicable thereafter.

See clause 5 of the Scheme contained in Annexure 4 for further details.

(a) Scheme Shareholders who have nominated a bank account

For those Scheme Shareholders from whom a valid request for direct credit of payment has been received by the Chandler Macleod Share Registry by the Scheme Record Date (currently proposed to be 5:00pm (Sydney time) on 9 April 2015), their Scheme Consideration will be paid directly to their nominated bank account.

(b) Scheme Shareholders who have not nominated a bank account

For those Scheme Shareholders from whom a valid election has not been received by the Chandler Macleod Share Registry as described in section 4.2(a), they will receive their Scheme Consideration by cheque sent by pre-paid post.

In the event that Chandler Macleod is unable to pay the Scheme Consideration by direct credit to the Scheme Shareholders who have nominated a bank account with the Chandler Macleod Share Registry, those Scheme Shareholders will receive the Scheme Consideration by cheque sent by pre-paid post.

4.3 Chandler Macleod Directors' recommendation

The Chandler Macleod Directors unanimously recommend that Chandler Macleod Shareholders (other than Excluded Shareholders) vote in favour of the Scheme, in the absence of a Superior Proposal.

The Chandler Macleod Directors believe that the reasons for Chandler Macleod Shareholders (other than Excluded Shareholders) to vote in favour of the Scheme outweigh the reasons to vote against the Scheme. See Section 2 for key reasons to vote in favour of the Scheme and other relevant considerations for Chandler Macleod Shareholders.

In considering whether to vote in favour of the Scheme, the Chandler Macleod Directors encourage you to:

- carefully read all of this Scheme Booklet (including the Independent Expert's Report);
- consider the choices available to you as outlined in Section 4.8;
- have regard to your individual risk profile, portfolio strategy, taxation position and financial circumstances; and
- obtain financial advice from your broker or financial adviser on the Scheme and obtain taxation advice on the effect of the Scheme becoming Effective.

4.4 Voting intentions of the Chandler Macleod Directors

The Chandler Macleod Directors intend to vote in favour of the Scheme at the Scheme Meeting to be held on 25 March 2015 in relation to the Chandler Macleod Shares held by them, or on their behalf, in the absence of a Superior Proposal.

Details of the Relevant Interests of each Chandler Macleod Director in Chandler Macleod Securities (including Chandler Macleod Shares) are set out in Section 8.1.

4.5 Independent Expert's conclusions

Chandler Macleod commissioned the Independent Expert to prepare a report on whether the Scheme is, in the Independent Expert's opinion, fair and reasonable and is in the best interests of Chandler Macleod Shareholders.

The Independent Expert has assessed the underlying value for 100% control of the shares in Chandler Macleod to be in the range of A\$0.46 and A\$0.53 per Chandler Macleod Share. The Scheme Consideration is at the top end of this range and, accordingly, the Scheme is fair and reasonable and, therefore, in the best interests of Chandler Macleod Shareholders, in the absence of a Superior Proposal.

The Independent Expert's Report is contained in Annexure 3. The Chandler Macleod Directors encourage Chandler Macleod Shareholders to read the Independent Expert's Report in full before deciding whether to vote in favour of the Scheme.

4.6 Conditions to the Scheme

The implementation of the Scheme is still subject to a number of Conditions Precedent, including but not limited to:

- approval of the Scheme by the requisite majorities of Chandler Macleod Shareholders (other than Excluded Shareholders) at the Scheme Meeting;
- approval of the Scheme by the Court;
- no Prescribed Occurrence occurring;
- no Regulated Event occurring;
- no Material Adverse Change occurring; and
- no Court or Government Agency restraining, preventing or delaying the implementation of the Transaction.

As at the date of this Scheme Booklet, approval has been obtained from FIRB in relation to the Transaction and the Condition Precedent relating to agreements being entered into for the cancellation of all Chandler Macleod Options has been satisfied. See Section 9.5 for more information about the status of the Conditions Precedent as at the date of this Scheme Booklet.

The Conditions Precedent are set out in full in clause 3.1 of the Scheme Implementation Deed, a copy of which is attached to Chandler Macleod's ASX announcement of 14 January 2015 (available on the ASX website (www.asx.com.au)). A summary of the Conditions Precedent is also included in Section 9.1(b).

The Scheme will not proceed unless all the Conditions Precedent are satisfied or waived (as applicable) in accordance with the Scheme Implementation Deed.

As at the Last Practicable Date, none of the Chandler Macleod Directors are aware of any circumstances which would cause any Condition Precedent not to be satisfied.

4.7 Implications if Scheme does not proceed

If the Scheme does not become Effective:

- Chandler Macleod Shareholders will continue to hold Chandler Macleod Shares and will be exposed to general risks as well as risks specific to Chandler Macleod and / or the industries in which it operates, including those set out in Section 7;
- Scheme Shareholders will not receive the Scheme Consideration;
- the Dividend will still be payable but the Chandler Macleod Board may review and re-determine the amount of the Dividend; and
- a reimbursement fee of A\$3,000,000 may be payable by Chandler Macleod under certain circumstances. Those circumstances will not include the failure by Chandler Macleod Shareholders to pass the Scheme Resolution at the Scheme Meeting.

In the absence of a Superior Proposal, Chandler Macleod will continue as an ASX-listed entity with management continuing to implement the business plan and financial and operating strategies it had in place prior to the announcement of the Transaction.

Prior to the Scheme Meeting, transaction costs will have been incurred, or will be committed, by Chandler Macleod in relation to the Scheme. Those transaction costs will be payable by Chandler Macleod regardless of whether or not the Scheme becomes Effective and is implemented.

The Chandler Macleod Directors are of the opinion that if the Scheme does not proceed, the price of a Chandler Macleod Share on the ASX is likely to fall, in the absence of a Superior Proposal.

4.8 Your choices as a Chandler Macleod Shareholder

As a Chandler Macleod Shareholder, you have four choices currently available to you, which are as follows:

Vote in favour of the Scheme	<p>This is the course of action unanimously recommended by the Chandler Macleod Directors, in the absence of a Superior Proposal.</p> <p>To follow the Chandler Macleod Directors' unanimous recommendation, you should vote in favour of the Scheme at the Scheme Meeting on 25 March 2015. For a summary of how to vote on the Scheme, please refer to Section 1.2 or Section 4.9(b), and the Notice of Meeting contained in Annexure 6.</p>
Vote against the Scheme	<p>If, despite the Chandler Macleod Directors' unanimous recommendation, you do not support the Scheme, you may vote against the Scheme at the Scheme Meeting on 25 March 2015.</p> <p>However, if all the Conditions Precedent for the Scheme are satisfied or waived (as applicable) and the Scheme becomes Effective, the Scheme will bind all Chandler Macleod Shareholders, including those who vote against the Scheme Resolution at the Scheme Meeting and those who do not vote at all.</p>
Sell your Chandler Macleod Shares	<p>The existence of the Scheme does not preclude you from selling some or all of your Chandler Macleod Shares on market for cash, if you wish, provided you do so before close of trading on ASX on the Effective Date (currently proposed to be 31 March 2015), when trading in Chandler Macleod Shares will end.</p> <p>If you are considering selling some or all of your Chandler Macleod Shares:</p> <ul style="list-style-type: none">▪ you should have regard to the prevailing trading prices of Chandler Macleod Shares and compare those to the Scheme Consideration. You may ascertain the current trading prices of Chandler Macleod Shares through the ASX website (www.asx.com.au); and▪ you should contact your stockbroker for information on how to effect that sale. <p>Chandler Macleod Shareholders who sell some or all of their Chandler Macleod Shares on ASX:</p> <ul style="list-style-type: none">▪ may receive payment (which may vary from the Scheme Consideration) for the sale of their Chandler Macleod Shares sooner than they would receive the Scheme Consideration under the Scheme;▪ may incur a brokerage charge;▪ will not be able to participate in the Scheme or, if one emerges, a Superior Proposal, in respect of those Chandler Macleod Shares they have sold;▪ will not receive the Dividend in respect of those Chandler Macleod Shares they have sold (if the sales settle on or before the Dividend Record Date); and▪ may be liable for CGT on the disposal of their Chandler Macleod Shares (as you also may be under the Scheme – see the Tax Adviser's Report set out in Annexure 1).
Do nothing	<p>Chandler Macleod Shareholders who elect to not vote at the Scheme Meeting on 25 March 2015 or do not sell their Chandler Macleod Shares on market will:</p> <ul style="list-style-type: none">▪ if the Scheme is implemented – have their Scheme Shares transferred to RGF, by operation of the Scheme and receive the Scheme Consideration of A\$0.53 per Scheme Share; or▪ if the Scheme is not implemented – retain their Scheme Shares. <p>In either case, these Chandler Macleod Shareholders will receive the Dividend of A\$0.017, expected to be fully franked, in respect of each Chandler Macleod Share that they hold on the Dividend Record Date. The Dividend is in respect of the half year ended 31 December 2014.</p> <p>If the Scheme is not implemented, the Dividend will still be payable but the Chandler Macleod Board may review and re-determine the amount of the Dividend.</p>

4.9 Transaction procedure

(a) Scheme approval requirements

The Scheme will only become Effective and be implemented if it is:

- approved by the requisite majorities of Chandler Macleod Shareholders (other than Excluded Shareholders) at the Scheme Meeting to be held on 25 March 2015; and
- approved by the Court at the Second Court Hearing.

Agreement by Chandler Macleod Shareholders (other than Excluded Shareholders) requires the Scheme Resolution to be approved by:

- a majority in number (more than 50%) of Chandler Macleod Shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting (either in person or by proxy) – it should be noted that the Court has the power to waive this requirement; and
- at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Chandler Macleod Shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting (either in person or by proxy).

Chandler Macleod Shares held by Excluded Shareholders will not be voted on at the Scheme Meeting.

(b) Scheme Meeting and how to vote

(1) Scheme Meeting

The Court has ordered Chandler Macleod to convene the Scheme Meeting at which Chandler Macleod Shareholders (other than Excluded Shareholders) will be asked to approve the Scheme.

The terms of the Scheme Resolution to be considered at the Scheme Meeting are contained in the Notice of Meeting in Annexure 6.

The fact that the Court has ordered the Scheme Meeting to be convened and has approved this Scheme Booklet required to accompany the Notice of Meeting does not mean that the Court has prepared, or is responsible for the content of, this Scheme Booklet or has any view as to the merits of the Scheme or as to how Chandler Macleod Shareholders should vote. On these matters Chandler Macleod Shareholders (other than Excluded Shareholders) must reach their own decision.

(2) Attendance at the Scheme Meeting

The entitlement of Chandler Macleod Shareholders to attend and vote at the Scheme Meeting is set out in the Notice of Meeting in Annexure 6.

Instructions on how to attend and vote at the Scheme Meeting to be held on 25 March 2015 (in person, by proxy, or in person through an attorney or corporate representative) are set out in the Notice of Meeting.

Voting is not compulsory. However, the Chandler Macleod Directors unanimously recommend that Chandler Macleod Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal.

The results of the Scheme Meeting will be available as soon as possible after the conclusion of the Scheme Meeting and will be announced to ASX (www.asx.com.au) once available.

(c) Court approval of the Scheme

In the event that:

- the Scheme is approved by the requisite majorities of Chandler Macleod Shareholders (other than Excluded Shareholders) at the Scheme Meeting (see Section 4.9(a) for the Scheme approval requirements); and
- all Conditions Precedent (except Court approval of the Scheme) have been satisfied or waived (if they are capable of being waived),

then Chandler Macleod will apply to the Court for orders approving the Scheme.

Each Chandler Macleod Shareholder has the right to appear at the Second Court Hearing.

(d) Effective Date

If the Court approves the Scheme, the Scheme will become Effective on the Effective Date, being the date an office copy of the Court order from the Second Court Hearing approving the Scheme is lodged with ASIC. Chandler Macleod will, on the Scheme becoming Effective, give notice of that event to ASX.

Chandler Macleod intends to apply to ASX for Chandler Macleod Shares to be suspended from trading on ASX from close of trading on the Effective Date.

The Effective Date will also be the date for determining the Chandler Macleod Shareholders entitled to the Dividend (the Dividend Record Date).

(e) Scheme Record Date and entitlement to Scheme Consideration

Those Chandler Macleod Shareholders (other than Excluded Shareholders) on the Chandler Macleod Share Register on the Scheme Record Date (currently proposed to be 5:00pm (Sydney time) on 9 April 2015) will be entitled to receive the Scheme Consideration in respect of the Chandler Macleod Shares they hold at that time.

(f) Implementation Date

Scheme Shareholders will be sent the Scheme Consideration on the Implementation Date (currently proposed to be 16 April 2015) or as soon as practicable thereafter. Immediately after the Scheme Consideration is sent to Scheme Shareholders the Scheme Shares will be transferred to RGF.

(g) Deed Poll

As at the date of this Scheme Booklet, a deed poll has been entered into by Recruit and RGF, in favour of the Scheme Shareholders, to:

- provide, or to procure that RGF provide, the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders under the Scheme, subject to the Scheme becoming Effective; and
- undertake all other actions attributed to Recruit and RGF under the Scheme.

A copy of the Deed Poll is contained in Annexure 5.

4.10 Copy of Chandler Macleod Share Register

Under sections 169 and 173 of the Corporations Act, any Chandler Macleod Shareholder has a right to inspect, and to ask for a copy of, the Chandler Macleod Share Register which contains details of the name and address of each Chandler Macleod Shareholder. Chandler Macleod may require a Chandler Macleod Shareholder to provide reasons for their request prior to providing a copy of the Chandler Macleod Share Register, and a Chandler Macleod Shareholder must not use any information obtained for an improper purpose. A copy of the Chandler Macleod Share Register will be given to any Chandler Macleod Shareholder upon request and payment of the prescribed fee under the Corporations Act where Chandler Macleod is satisfied that the details provided are not likely to be used for an improper purpose.

4.11 Warranty by Scheme Shareholders

The terms of the Scheme provide that each Scheme Shareholder is taken to have warranted to Chandler Macleod and RGF, and appointed and authorised Chandler Macleod as its attorney and agent to warrant to RGF, on the Implementation Date, that:

- all their Chandler Macleod Shares (including any rights and entitlements attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and
- they have full power and capacity to transfer their Scheme Shares to RGF together with any rights attaching to those shares.

Under the terms of the Scheme, Chandler Macleod undertakes that it will provide such warranty to RGF as agent and attorney of each Scheme Shareholder.

4.12 Delisting of Chandler Macleod

On a date after the Implementation Date, to be determined by Recruit, Chandler Macleod will apply for the termination of the official quotation of Chandler Macleod Shares on ASX and for Chandler Macleod to be removed from the official list of ASX.

5 Information on the Chandler Macleod Group

5.1 Introduction

The Chandler Macleod Group is Australasia's leading provider of integrated HR services, products and technologies. Chandler Macleod helps people and organisations to reach their full potential by enhancing their human resource strategy and practices to support achievement of their goals. This is delivered through provision of temporary, contract and permanent staffing, psychometric assessment, HR consulting services, managed workforces, outsourcing and payroll & HR technologies.

In delivering these services, Chandler Macleod helps organisations to:

- **plan** for their future workforce needs;
- **source** the best talent for their business;
- **assess** the potential of individuals and teams;
- **develop** skills to increase the effectiveness of employees, teams and organisations; and
- **manage** a safer, more efficient and productive workplace.

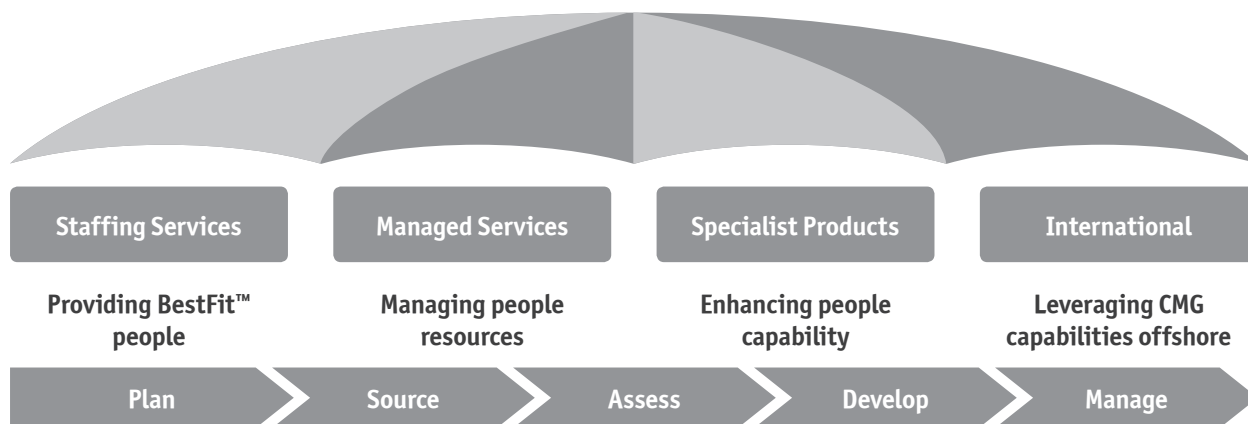
Chandler Macleod was founded in Melbourne, Australia in 1959 and now operates in Australia, New Zealand, Singapore, Hong Kong, Indonesia and the United Kingdom.

Chandler Macleod generated approximately A\$1.4 billion in revenue for the financial year ended 30 June 2014. Chandler Macleod has a permanent workforce of approximately 1,100 internal employees across more than 40 offices, with a further 20,000 employees working on client sites.

5.2 Overview of operations and strategy

Chandler Macleod is structured around 4 divisions: Staffing Services, Managed Services, Specialist Products and International. This is shown in the diagram below and also described in more detail below.

Chandler Macleod organisational structure



(a) Staffing Services

The Staffing Services division sources, recruits and manages permanent, contract and temporary employees for clients of Chandler Macleod.

(b) Managed Services

The Managed Services division partners with clients to manage people resources for agreed outcomes. This includes a broad service offering encompassing managed workforces, business process outsourcing, the acquisition and facilitation of training services, independent IT consulting services, and human resource outsourcing.

(c) Specialist Products

The Specialist Products division enhances people capability for Chandler Macleod customers through products, services and technologies that enhance HR strategy, practices and processes. This includes assessing and developing talent, strategic HR consulting, and providing enterprise HR and payroll technology and outsourcing solutions.

(d) International

The International division provides permanent, temporary and contract recruitment and consulting services outside Australia.

5.3 Chandler Macleod Board and senior management

(a) Chandler Macleod Board

The Chandler Macleod Board comprises the following directors:

Name	Position
Richard England	Chairman of the Board and non-executive Director
Cameron Judson	Managing Director and Chief Executive Officer
John Plummer	Deputy Chairman and non-executive Director
Elizabeth Crouch	Non-executive Director
Jack Cowin	Non-executive Director
Mark Carnegie	Non-executive Director

(b) Senior management

Members of the Chandler Macleod Group's management team, in addition to Mr Cameron Judson (Managing Director and Chief Executive Officer), include:

Name	Position
Mark Toohey	Chief Financial Officer
Daman Patterson	Chief People Officer
Morgan Sloper	Chief Legal & Risk Officer and Company Secretary
Phil Gray	Chief Transformation & Technology Officer
Tania Sinibaldi	Chief Operating Officer, Staffing Services
Michelle Loader	Chief Operating Officer, Managed Services
Anthony Barnes	Chief Operating Officer, Specialist Products
George Brooks	Chief Operating Officer, International
Nick Bailey	Executive General Manager, Client Development

5.4 Capital structure

As at the Last Practicable Date, Chandler Macleod had the following securities on issue:

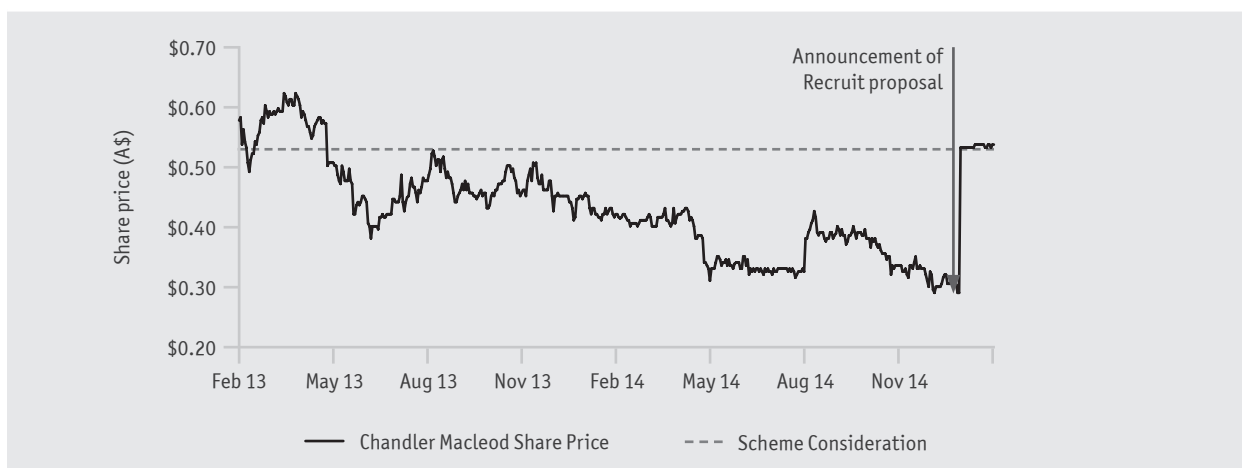
- 547,985,086 Chandler Macleod Shares;
- 774,171 Chandler Macleod Options.

5.5 Recent share price history

In the period from 18 February 2013 to 14 January 2015 (the Announcement Date), the daily closing price of Chandler Macleod Shares has fluctuated between a low of A\$0.290 and a high of A\$0.620.

As at the Announcement Date, Chandler Macleod Shares closed on ASX at A\$0.290. Since the Announcement Date, the Chandler Macleod Share price has risen 84.5% to A\$0.535 on 17 February 2015 (the Last Practicable Date).

The following chart shows the closing price of Chandler Macleod Shares on ASX over that period.



Source: IRESS⁴ (as at Last Practicable Date)

5.6 Historical financial information

This Section 5.6 sets out summary financial information in relation to Chandler Macleod for the purpose of this Scheme Booklet. The financial information has been extracted from Chandler Macleod's reviewed financial statements for the half year ended 31 December 2014 and Chandler Macleod's audited financial statements for the financial years ended 30 June 2014, 30 June 2013 and 30 June 2012.

The financial information contained in this Section 5.6 has been presented in an abbreviated form and does not contain all of the disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

Chandler Macleod's full financial accounts, including all notes to those accounts, can be found in:

- The Chandler Macleod Appendix 4D and 2015 Half Year Report (released to ASX on 16 February 2015).
- The Chandler Macleod Appendix 4E and 2014 Annual Financial Report (released to ASX on 19 August 2014).
- The Chandler Macleod Appendix 4E and 2013 Annual Financial Report (released to ASX on 14 August 2013).
- The Chandler Macleod Appendix 4E and 2012 Annual Financial Report (released to ASX on 15 August 2012).

Copies of these financial reports are available from ASX on its website at www.asx.com.au.

Chandler Macleod's financial reports for the financial years ended 30 June 2014, 30 June 2013 and 30 June 2012 were audited by Ernst & Young in accordance with applicable Australian Accounting Standards. The audit opinions relating to those financial reports were unqualified.

Chandler Macleod's financial report for the half year ended 31 December 2014 was reviewed by Ernst & Young in accordance with applicable Australian Accounting Standards. The review report relating to this financial report was unqualified.

(a) Consolidated income statement

Set out below is a summary of Chandler Macleod's consolidated income statements for the financial years ended 30 June 2014, 30 June 2013 and 30 June 2012 and the half year ended 31 December 2014.

The summarised historical consolidated income statements of the Chandler Macleod Group which are set out:

- in the second column of the table below, have been extracted from the reviewed financial statements of Chandler Macleod for the half year ended 31 December 2014 as disclosed within Chandler Macleod's Appendix 4D and 2015 Half Year Report;
- in the third column of the table below, have been extracted from the audited financial statements of Chandler Macleod for the year ended 30 June 2014 as disclosed within Chandler Macleod's Appendix 4E and 2014 Annual Financial Report;
- in the fourth column of the table below, have been extracted from the audited financial statements of Chandler Macleod for the year ended 30 June 2013 as disclosed within Chandler Macleod's Appendix 4E and 2013 Annual Financial Report; and
- in the fifth column of the table below, have been extracted from the audited financial statements of Chandler Macleod for the year ended 30 June 2012 as disclosed within Chandler Macleod's Appendix 4E and 2012 Annual Financial Report.

⁴ This Scheme Booklet contains various references to trading data prepared by IRESS Limited (ACN 060 313 359) who has not consented to such use of references to that trading data in this Scheme Booklet.

	31 December 2014 A\$000 (6 months)	30 June 2014 A\$000 (12 months)	30 June 2013 A\$000 (12 months)	30 June 2012 A\$000 (12 months)
Revenue	700,617	1,412,242	1,502,601	1,548,428
Other income	24	955	1,308	512
Total revenue	700,641	1,413,197	1,503,909	1,548,940
Contractor and other direct costs	(608,613)	(1,222,467)	(1,296,897)	(1,338,012)
Employee benefits expense	(55,907)	(115,298)	(125,195)	(129,856)
Employee benefits expense - restructuring expense	(724)	(3,372)	(7,333)	-
Administration costs	(16,266)	(33,257)	(34,173)	(36,442)
Administration costs - restructuring expense	(10)	(880)	-	-
Other costs	(1,357)	(2,456)	(2,391)	(2,475)
Acquisition transaction related costs	-	(565)	(1,630)	(1,220)
Transaction costs - Scheme of Arrangement	(323)	-	-	-
Fair value adjustment to contingent consideration	-	2,775	1,800	-
Share of profit of associate	318	477	-	-
Earnings before interest, tax, depreciation and amortisation	17,759	38,154	38,090	40,935
Depreciation	(2,554)	(4,749)	(4,935)	(4,284)
Amortisation	(4,165)	(7,528)	(6,625)	(5,575)
Impairment of intangibles	-	-	(2,700)	-
Earnings before interest and tax	11,040	25,877	23,830	31,076

	31 December 2014 A\$000 (6 months)	30 June 2014 A\$000 (12 months)	30 June 2013 A\$000 (12 months)	30 June 2012 A\$000 (12 months)
Finance costs (net)	(4,031)	(8,504)	(8,482)	(8,845)
Profit before income tax	7,009	17,373	15,348	22,231
Income tax expense	(2,217)	(3,904)	(4,640)	(6,174)
Net profit for the period	4,792	13,469	10,708	16,057
Profit for the period is attributable to:				
Non-controlling interest	(107)	(115)	14	57
Owners of the parent	4,899	13,584	10,694	16,000
	4,792	13,469	10,708	16,057
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation	774	53	394	191
Net movement on cash flow hedges	224	360	58	(801)
Total comprehensive income for the period	5,790	13,882	11,160	15,447
Total comprehensive income for the period attributable to:				
Non-controlling interest	(107)	(115)	14	57
Owners of the parent	5,897	13,997	11,146	15,390
	5,790	13,882	11,160	15,447
Earnings per share for profit attributable to the ordinary equity holders of the parent				
Basic earnings per share	0.90	2.71	2.39	3.65
Diluted earnings per share	0.88	2.65	2.31	3.50

(b) Consolidated balance sheet

Set out below is a summary of Chandler Macleod's consolidated balance sheets as at 30 June 2012, 30 June 2013, 30 June 2014 and 31 December 2014.

The summarised historical consolidated balance sheets of the Chandler Macleod Group which are set out:

- in the second column of the table below, have been extracted from the reviewed financial statements of Chandler Macleod for the half year ended 31 December 2014 as disclosed within Chandler Macleod's Appendix 4D and 2015 Half Year Report;
- in the third column of the table below, have been extracted from the audited financial statements of Chandler Macleod for the year ended 30 June 2014 as disclosed within Chandler Macleod's Appendix 4E 2014 and 2014 Annual Financial Report;
- in the fourth column of the table below, have been extracted from the audited financial statements of Chandler Macleod for the year ended 30 June 2013 as disclosed within Chandler Macleod's Appendix 4E and 2013 Annual Financial Report; and
- in the fifth column of the table below, have been extracted from the audited financial statements of Chandler Macleod for the year ended 30 June 2012 as disclosed within Chandler Macleod's Appendix 4E and 2012 Annual Financial Report.

	As at 31 December 2014 A\$000	As at 30 June 2014 A\$000	As at 30 June 2013 A\$000	As at 30 June 2012 A\$000
Current assets				
Cash and cash equivalents	5,135	2,671	3,262	4,374
Trade and other receivables	117,127	123,192	117,964	139,379
Prepayments and other current assets	4,305	1,857	3,082	2,696
Total current assets	126,567	127,720	124,308	146,449
Non-current assets				
Other financial assets	176	12	73	157
Property and office equipment	9,750	11,072	13,017	14,269
Intangible assets and goodwill	235,814	236,970	231,967	190,226
Investment in an associate	4,491	4,191	-	-
Deferred tax assets	10,010	10,002	7,093	10,675
Total non-current assets	260,241	262,247	252,150	215,327
Total assets	386,808	389,967	376,458	361,776
Current liabilities				
Trade and other payables	70,567	80,478	75,040	84,014
Interest-bearing loans and borrowings	24,564	14,803	18,990	15,994
Income tax payable	2,847	5,349	1,755	4,205
Other financial liabilities	1,371	2,482	-	-
Provisions	14,868	14,311	16,765	18,740
Total current liabilities	114,217	117,423	112,550	122,953
Non-current liabilities				
Payables	1,415	1,825	2,265	1,329
Interest-bearing loans and borrowings	81,006	76,194	97,637	74,126
Other financial liabilities	123	927	3,916	1,144
Provisions	3,700	3,477	3,624	3,956
Total non-current liabilities	86,244	82,423	107,442	80,555
Total liabilities	200,461	199,846	219,992	203,508
Net assets	186,347	190,121	156,466	158,268
Equity				
Contributed equity	187,025	186,429	150,825	148,585
Retained earnings	(2,729)	2,236	4,715	8,084
Reserves	2,284	1,582	937	1,624
Parent interests	186,580	190,247	156,477	158,293
Non-controlling interests	(233)	(126)	(11)	(25)
Total equity	186,347	190,121	156,466	158,268

(c) Consolidated cash flow statement

Set out below is a summary of Chandler Macleod's consolidated cash flow statements for the financial years ended 30 June 2014, 30 June 2013 and 30 June 2012 and the half year ended 31 December 2014.

The summarised historical consolidated cash flow statements of the Chandler Macleod Group which are set out:

- in the second column of the table below, have been extracted from the reviewed financial statements of Chandler Macleod for the half year ended 31 December 2014 as disclosed within Chandler Macleod's Appendix 4D and 2015 Half Year Report;
- in the third column of the table below, have been extracted from the audited financial statements of Chandler Macleod for the year ended 30 June 2014 as disclosed within Chandler Macleod's Appendix 4E and 2014 Annual Financial Report;
- in the fourth column of the table below, have been extracted from the audited financial statements of Chandler Macleod for the year ended 30 June 2013 as disclosed within Chandler Macleod's Appendix 4E and 2013 Annual Financial Report; and
- in the fifth column of the table below, have been extracted from the audited financial statements of Chandler Macleod for the year ended 30 June 2012 as disclosed within Chandler Macleod's Appendix 4E and 2012 Annual Financial Report.

	31 December 2014 A\$000 (6 months)	30 June 2014 A\$000 (12 months)	30 June 2013 A\$000 (12 months)	30 June 2012 A\$000 (12 months)
Cash flows from operating activities				
Receipts from customers (inclusive of GST)	776,750	1,548,773	1,678,018	1,699,722
Payments to suppliers and employees (inclusive of GST)	(762,388)	(1,510,304)	(1,619,959)	(1,654,953)
Finance income	38	20	34	141
Transaction related costs	(323)	(338)	(1,472)	(1,220)
Restructuring costs	(1,485)	(4,573)	(6,097)	-
Finance costs	(1,760)	(3,578)	(3,677)	(5,433)
Income tax paid	(4,757)	(2,586)	(6,264)	(6,104)
Net cash flows from operating activities	6,075	27,414	40,583	32,153
Cash flows from investing activities				
Business combinations, net of cash acquired	(1,002)	(2,512)	(39,723)	(20,003)
Purchase of property, plant and equipment	(1,072)	(2,149)	(2,704)	(9,021)
Purchase of software and project development costs	(3,036)	(6,158)	(4,374)	(3,232)
Investment in associate	(827)	(2,255)	-	-
Dividend received from associate	197	-	-	-
Proceeds from sale of subsidiary	-	326	-	-
Proceeds from disposal of property, plant and equipment	7	9	668	18
Net cash flows used in investing activities	(5,733)	(12,739)	(46,133)	(32,238)
Cash flows from financing activities				
Proceeds from issue of shares, net of costs	-	31,223	-	-
Proceeds from borrowings	19,068	-	35,000	32,400
Repayment of finance lease capital	(998)	(2,208)	(1,908)	(1,047)
Repayment of borrowings	(3,658)	(26,730)	(8,602)	(15,889)
Purchase of shares	(62)	(90)	(499)	-
Payment of dividends	(9,864)	(12,955)	(14,063)	(11,230)

	31 December 2014 A\$000 (6 months)	30 June 2014 A\$000 (12 months)	30 June 2013 A\$000 (12 months)	30 June 2012 A\$000 (12 months)
Finance costs – acquisition	(2,186)	(4,700)	(5,404)	(3,459)
Net cash flows from financing activities	2,300	(15,460)	4,524	775
Net (decrease)/increase in cash	2,642	(785)	(1,026)	690
Cash and cash equivalents at beginning of financial period	2,477	3,262	4,288	3,598
Cash and cash equivalents at end of financial period	5,119	2,477	3,262	4,288

(d) Material changes in Chandler Macleod's financial position since Chandler Macleod's Appendix 4D and 2015 Half Year Report

Other than:

- the accumulation of profits in the ordinary course of trading; or
- as disclosed in this Scheme Booklet or as otherwise disclosed to ASX by Chandler Macleod,

the financial position of Chandler Macleod has not, within the knowledge of the Chandler Macleod Board, materially changed since 31 December 2014, being the date of the Chandler Macleod Appendix 4D and 2015 Half Year Report.

5.7 Outlook

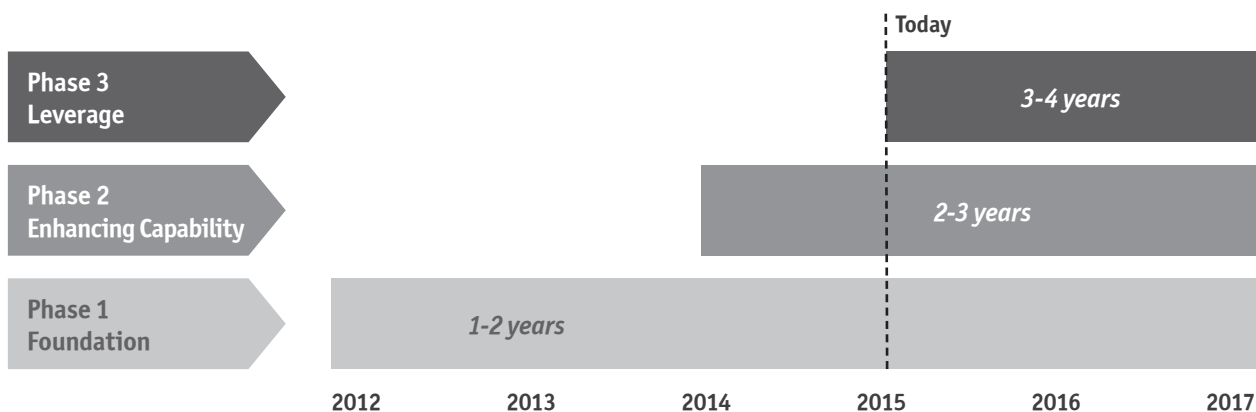
If the Transaction does not proceed, Chandler Macleod will continue to implement its strategy which has been previously communicated to the market.

To be the leading HR Services business in Australasia, Chandler Macleod's strategy involves:

- being front of mind for clients in respect to HR services;
- being front of mind for people looking for work;
- being a leader in safety;
- attracting and/or growing the best people in the market;
- being operationally excellent;
- growing at a rate faster than the markets Chandler Macleod chooses to compete in; and
- delivering a sustainable and ultimately superior return on equity.

Chandler Macleod will continue to implement its strategy through a three phase approach as shown in the diagram below and described in further detail below.

Chandler Macleod Group strategy



(a) Foundation Phase

The Foundation Phase, being the first phase for implementing Chandler Macleod's strategy, has been completed. The primary aims of the Foundation Phase included:

- changing the business mix;
- organising around Chandler Macleod's clients;
- improving productivity and efficiency;
- building an international network; and
- enhancing risk management.

(b) Enhancing Capability Phase

Chandler Macleod is in the process of completing the second phase, being the Enhancing Capability Phase, for implementing its strategy. The primary aims of the Enhancing Capability Phase include:

- improving and optimising its business units, in particular to refine and enhance its delivery model, accelerate productivity and focus on the client;
- accelerating growth in Managed Services and Specialist Products; and
- rebalancing Chandler Macleod's portfolio (which Chandler Macleod has substantially completed, but continues to review and assess on an ongoing basis).

(c) Leverage Phase

Chandler Macleod is in the process of implementing the final phase, being the Leverage Phase, of its strategy. The primary aims of the Leverage Phase are:

- to achieve deep industry verticals;
- to sell the offering of the whole of the Chandler Macleod Group across the various divisions of its clients;
- to implement a scalable lowest cost to serve model; and
- to achieve higher margins.

While Chandler Macleod has a strategy to deliver superior financial returns to its shareholders, this strategy will take time to fully implement and involves execution risk, some of which remains outside the control of Chandler Macleod, its Directors and its senior management team.

If the Transaction does not proceed, Chandler Macleod Shareholders will continue to be subject to general risks as well as risks specific to Chandler Macleod and / or the industries in which it operates, including those set out in section 7.

5.8 Publicly available information about Chandler Macleod

Chandler Macleod is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, Chandler Macleod is subject to the Listing Rules which require (subject to some exceptions) continuous disclosure of any information Chandler Macleod has that a reasonable person would expect to have a material effect on the price or value of Chandler Macleod Shares.

ASX maintains files containing publicly disclosed information about all listed companies. Information disclosed to ASX by Chandler Macleod is available at www.asx.com.au.

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

Chandler Macleod Shareholders may obtain a copy of:

- The Chandler Macleod 2014 Annual Financial Report (being the full financial report most recently lodged with ASIC before registration of this Scheme Booklet with ASIC);
- the Chandler Macleod 2015 Half Year Report (being the last reviewed financial statements lodged with ASIC before the registration of this Scheme Booklet with ASIC); and
- any announcements given to ASX by Chandler Macleod after the lodgement by Chandler Macleod of the Chandler Macleod 2015 Half Year Report and before the date of this Scheme Booklet,

from ASX's website (www.asx.com.au), from Chandler Macleod website (www.chandlermacleod.com) or free of charge by calling the Chandler Macleod Shareholder Information Line on 1300 375 155 (from within Australia) or +61 2 8267 4681 (from outside Australia) Monday to Friday between 8:30am and 5:30pm (Sydney time).

A list of announcements made by Chandler Macleod to ASX from 16 February 2015 (being the date on which Chandler Macleod lodged the Chandler Macleod 2015 Half Year Report with ASX) to the Last Practicable Date is contained in Annexure 2 to this Scheme Booklet.

A substantial amount of information about Chandler Macleod is also available in electronic form on the Chandler Macleod website at www.chandlermacleod.com.

6 Information about the Recruit Group

This Section 6 has been prepared by Recruit. The information concerning the Recruit Group (including RGF) and the intentions, views and opinions contained in this Section 6 are the responsibility of Recruit.

6.1 Overview of RGF

RGF is an Australian proprietary company established for the sole purpose of acquiring all of the Chandler Macleod Shares if the Scheme is implemented, and it does not currently have any other activities. RGF was incorporated in Victoria on 6 January 2015. RGF is wholly owned by Recruit.

The directors of RGF (as of the Last Practicable Date) are:

Name	Current Position	Biography
Hitoshi Motohara	Director	<ul style="list-style-type: none">Joined Recruit in November 1983Currently Associate Senior Corporate Executive Officer, Chairman of The CSI Companies, Inc, Chairman of Staffmark Holdings, Inc, Chairman of Advantage Resourcing America, Inc., Chairman of Advantage Resourcing Europe B.V. and Chairman of Peoplebank Holdings Pty. Ltd.Previous positions include Director of Recruit and President and Representative Director of Recruit Staffing Co., Ltd.
Takashi Nishimura	Director	<ul style="list-style-type: none">Joined Recruit in 1997Currently Executive Manager of International Business Management Office
Yusuke Hiyoshi	Director	<ul style="list-style-type: none">Currently Director and Vice President of Advantage Professional Pty LimitedPrevious positions include International Account Director of The CSI Companies

6.2 Overview of Recruit

(a) Corporate information

Recruit was established in 1960 and listed on the Tokyo Stock Exchange in 2014 with a market capitalisation of approximately JPY2.0 trillion (as at the Last Practicable Date). Recruit is headquartered in Tokyo, Japan and its major shareholders include the Recruit Group Employees Shareholding Association (7.4%), Dai Nippon Printing Co., Ltd (6.6%), Toppan Printing Co., Ltd (6.6%) and Dentsu Inc (5.2%).

(b) The Recruit Group's principal activities and operations

Since its inception, the Recruit Group has grown into a global group with 30,016 employees as of 31 July 2014. The Recruit Group is represented in 20 countries and markets globally as at the Last Practicable Date. In October 2012, the Recruit restructured its organisation and launched a new group structure, with business operations now divided into the following key segments:

(1) HR Media Segment

The Recruit Group provides services that offer recruiting advertisement and various other recruiting services to job seekers as well as HR management solutions both in Japan and overseas.

(2) Staffing Segment

The Recruit Group provides temporary staffing services in Japan and overseas.

(3) Marketing Media Segment

This segment consists of life event operations (including housing and real estate and bridal) and lifestyle operations (including travel, dining and beauty) and offering various digital and print-based marketing media services mainly in Japan.

(c) Directors of Recruit

The directors of Recruit (as of the Last Practicable Date) are:

Name	Current Position	Biography
Masumi Minegishi	President, CEO, and Representative Director	<ul style="list-style-type: none">▪ Joined Recruit in April 1987▪ Joined the Recruit Board in June 2009▪ Previous positions include Executive Manager of the Bridal Business and Corporate Executive Officer of the Integrated Marketing Communications Division (currently life style business) Company
Shogo Ikeuchi	Associate Senior Corporate Executive Officer and Board Director	<ul style="list-style-type: none">▪ Joined Recruit in April 1988▪ Joined the Recruit Board in June 2012▪ Previous positions include Executive Manager of the G-HR Planning Office and Executive of the Corporate Planning Office and Corporate Strategy Office
Shigeru Kusahara	Associate Senior Corporate Executive Officer and Board Director	<ul style="list-style-type: none">▪ Joined Recruit in April 1988▪ Joined the Recruit Board in June 2006▪ Previous positions include Executive Planner of the Tokyo Metropolitan Area Control Department, HR Division, HR Division Company and Executive Manager of the Corporate Planning Office
Keiichi Sagawa	Associate Senior Corporate Executive Officer and Board Director	<ul style="list-style-type: none">▪ Joined Recruit in April 1988▪ Joined the Recruit Board in June 2011▪ Previous positions include Executive Manager of the 3rd Media Production Department, HR/Tokyo Metropolitan Area, HR Division Company and Division Head of the HR Tokai Division, HR Division Company
Shigeo Ohyagi	External Board Director of Recruit	<ul style="list-style-type: none">▪ Joined Teijin Limited in March 1971▪ Joined the Recruit Board in June 2014▪ Current Chairman of Teijin Limited▪ Previous positions include Chief Information Officer and Chief Strategy Officer of Teijin Limited
Yasushi Shingai	External Board Director of Recruit	<ul style="list-style-type: none">▪ Joined Japan Tobacco and Salt Public Corporation (current Japan Tobacco Inc.) in April 1980▪ Joined the Recruit Board in June 2014▪ Currently Representative Director and Executive Deputy President of Japan Tobacco Inc.▪ Previous positions include Senior Vice President and Chief Financial Officer of Japan Tobacco Inc.
Koichi Shima	Audit & Supervisory Board Member (standing)	<ul style="list-style-type: none">▪ Joined Recruit in May 1983▪ Joined the Recruit Board in June 2010▪ Previous positions include Executive Manager of the Finance Management Office and President and Representative Director, Recruit Media Communications Co., Ltd.
Akihito Fujiwara	Audit & Supervisory Board Member (standing)	<ul style="list-style-type: none">▪ Joined Recruit in August 1986▪ Joined the Recruit Board in June 2014▪ Previous positions include Federation Executive Officer of Federation of IT and Corporate Executive Officer, Recruit Marketing Partners Co., Ltd.

Name	Current Position	Biography
Hideshi Takeuchi	Audit & Supervisory Board Member	<ul style="list-style-type: none"> Joined Mitsubishi Corporation in April 1972 Joined the Recruit Board in June 2013 Previous positions include Executive Vice President and Group Chief Executive Officer of Industrial Finance, Logistics & Development Group of Mitsubishi Corporation
Naoto Nakamura	Audit & Supervisory Board Member	<ul style="list-style-type: none"> Joined Mori Sogo Law Office in April 1985 Joined the Recruit Board in June 2011 Founded Hibiya Park Law Offices in 1998 and founded Law Firm of Naoto Nakamura (current Law Firm of Nakamura, Tsunoda & Matsumoto) in 2003

6.3 Recruit's rationale for acquiring Chandler Macleod

Recruit's long term vision is to become the world's leading HR media and staffing business by approximately 2020 and operate the world's leading matching platform in all business domains that the Recruit Group operates in by approximately 2030, including the marketing media business.

To achieve this, Recruit is seeking to grow its business platforms organically and inorganically both in Japan and internationally.

Recruit believes the acquisition of Chandler Macleod is consistent with these objectives.

6.4 Funding of the Scheme Consideration

The Scheme Consideration is 100% cash.

Under the terms of the Deed Poll, Recruit and RGF have each undertaken in favour of each Scheme Shareholder to pay the Scheme Consideration into a trust account for the benefit of Scheme Shareholders no later than the Business Day before the Implementation Date, conditional upon the Scheme becoming Effective.

If the Scheme is implemented, Scheme Shareholders will become entitled to receive the Scheme Consideration of A\$0.53 per Scheme Share, which will be payable by RGF.

Based on Chandler Macleod's total issued share capital as at the date of this Scheme Booklet, the total amount of cash required to be paid by RGF to Scheme Shareholders under the Scheme is A\$290.4 million.

RGF intends to satisfy the aggregate Scheme Consideration through the Recruit Group's cash reserves, which in aggregate are expected to exceed the maximum consideration payable to Scheme Shareholders.

6.5 Recruit's post-acquisition intentions

This section sets out Recruit's present intentions on the basis of facts and information concerning Chandler Macleod and the general business environment which are known to Recruit at the time of the preparation of this Scheme Booklet. Final decisions on these matters will only be made by Recruit in light of all material facts and circumstances at the relevant time. Accordingly, other than where the disclosure below expressly states that Recruit has determined to do something, the statements set out in this section are statements of current intention only and may change as new information becomes available or as circumstances change.

(a) Review of operations

If the Scheme is implemented, Recruit intends to undertake a detailed review of Chandler Macleod's operations covering strategic, financial and commercial operating matters to determine the optimum manner of operating and managing the business. Recruit's assessment and plans for the Chandler Macleod business are independent of the acquisition of Peoplebank Holdings, which was also announced by Recruit on 14 January 2015.

Any final decisions as to Recruit's intentions for Chandler Macleod would only be finalised following this review (other than where the disclosure below expressly states that Recruit has determined to do something). However, based on information available to Recruit at the date of this Scheme Booklet, Recruit believes it can realise value through the combination of Recruit and Chandler Macleod through:

- undertaking a collaborative approach to introducing Recruit's 'Unit Management' philosophy to the management of Chandler Macleod; and
- improving the profitability and productivity of Chandler Macleod by combining the staffing business expertise that Recruit has obtained both in Japan and internationally with Chandler Macleod's experience in the staffing business locally as well as its customer base in Australia and other countries.

The review will include consideration of various proposals for the potential investment of additional capital expenditure with a view to achieving the above objectives.

(b) Chandler Macleod to be delisted

If the Scheme is implemented, Recruit will procure that Chandler Macleod apply to the ASX for Chandler Macleod to be removed from ASX's official list after the implementation of the Scheme.

(c) Board of directors

If the Scheme is implemented, Recruit intends to replace the current Chandler Macleod Board Members with nominees of Recruit (who are yet to be identified). It is expected, however, that Cameron Judson, CEO of Chandler Macleod, will retain his position on the Chandler Macleod Board as a nominee of Recruit.

(d) Business continuity and major changes

Decisions about the future commercial operating plan and management organisation for Chandler Macleod, including decisions about any changes to the way the business is conducted (such as any redeployment of the fixed assets of Chandler Macleod and any changes to the employment of the present employees of the Chandler Macleod Group) will be made by Recruit following the completion of the detailed post-acquisition review described in Section 6.5(a).

Recruit's present intention is to maintain the Chandler Macleod Group's existing business structure and to carry on the Chandler Macleod Group's businesses in substantially the same manner as it is currently conducted. Specifically, it is not Recruit's present intention to make any material divestments of assets.

(e) Employees

The Recruit Group considers Chandler Macleod's employees to be an integral part of the success of the business. Any decisions about staffing will be made following completion of the general review described in Section 6.5(a) above and Recruit currently does not have any definitive plans in relation to Chandler Macleod's employees.

(f) Head office

If the Scheme is implemented, it is currently intended that Chandler Macleod's head office will remain in Sydney, Australia.

6.6 Interests in Chandler Macleod Shares and benefits

As at the date of this Scheme Booklet, neither Recruit nor any of its associates (including RGF) has any Relevant Interest in any Chandler Macleod Shares or any voting power in Chandler Macleod.

Except for the Scheme Consideration to be provided under the Scheme, during the period of four months before the date of this Scheme Booklet, none of Recruit, RGF or any of their associates has provided or agreed to provide consideration for any Chandler Macleod Shares under a purchase or other agreement.

During the four months before the date of this Scheme Booklet, none of Recruit, RGF or any of their associates has given or 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, to:

- vote in favour of the Scheme; or
- dispose of Chandler Macleod Shares,

which benefit was not offered to all Scheme Shareholders.

There is no payment or other benefit that is proposed to be made or given to any director, secretary or executive officer of Chandler Macleod (or its Related Bodies Corporate) as compensation for the loss of or consideration for or in connection with his or her retirement from office in Chandler Macleod or any of its Related Bodies Corporate in connection with the Scheme.

None of Recruit, RGF or any of their associates has made or given or will make or give any benefit to any current Chandler Macleod Board Member as compensation or consideration for, or otherwise in connection with, any resignation from the Chandler Macleod Board, if the Scheme becomes Effective and the Chandler Macleod Board is accordingly reconstituted.

7 Potential risk factors

In considering the Scheme, you should be aware that there are a number of general risk factors as well as risks specific to Chandler Macleod and / or the industries in which it operates, which could materially adversely affect the future operating and financial performance of Chandler Macleod, the value of the Chandler Macleod Shares and future dividends. Many of these risks are currently relevant to Chandler Macleod Shareholders and will only continue to be relevant to Chandler Macleod Shareholders if the Scheme does not proceed and you retain your current investment in Chandler Macleod.

If the Scheme proceeds and you are a Scheme Shareholder, you will receive the Scheme Consideration, you will cease to be a Chandler Macleod Shareholder and you will also no longer be exposed to the risks set out below.

These risk factors do not take into account the individual investment objectives, financial situation, position or particular needs of Chandler Macleod Shareholders. Before deciding how to vote in relation to the Scheme, you should have a sufficient understanding of these matters and should consider whether continuing to hold Chandler Macleod Shares is appropriate for you, having regard to your own individual risk profile, portfolio strategy, investment objectives, financial circumstances and taxation position. If you do not understand any part of this Scheme Booklet or are in any doubt as how to vote in relation to the Scheme, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant or other independent and qualified professional adviser before deciding how to vote.

This section describes potential risks associated with Chandler Macleod's business and risks associated with continuing to hold Chandler Macleod Shares. They are not exhaustive and the occurrence or consequences of some of the risks described in this section may be partially or completely outside the control of Chandler Macleod, its Directors and senior management team.

7.1 General risks

Like many listed companies, Chandler Macleod is exposed to a number of general risks that could materially adversely affect its financial position, assets and liabilities, reputation, profits, prospects and the market price and / or value of Chandler Macleod Shares.

These could include any or all of the following:

- fluctuations in economic conditions in Australia and internationally, including fluctuations in economic growth, interest rates, exchange rates, the level of inflation and employment levels;
- fluctuations in Australian and overseas stock markets;
- changes in government fiscal, monetary and regulatory policy in relevant jurisdictions;
- increases in expenses (including wage inflation);
- changes to accounting or financial reporting standards; and
- natural disasters and catastrophic events.

7.2 Specific risks relating to Chandler Macleod and / or the industries in which it operates

(a) Increased competition and change in market structure

Chandler Macleod's business is susceptible to competition in the Australian labour hire, recruitment and human resources markets which are highly fragmented. In addition, competitive pricing strategies and demands from high value clients seeking preferred supplier agreements may adversely impact Chandler Macleod's profit margins and market share.

The recruitment industry has traditionally had low barriers to entry and is highly competitive. Changes to the competitive structure (including pricing of services) of the sectors in which Chandler Macleod operates may have an impact on future revenue and margins.

An increase in competition, or a deterioration in the competitive position of Chandler Macleod, could have a material adverse impact on Chandler Macleod's earnings and financial position.

(b) Key contracts and business relations

Contracts for the provision of labour hire and temporary placements are generally on a purchase order basis or terminable on short notice. Chandler Macleod has a number of long term contracts with its significant clients however these contracts are typically non-exclusive and / or can be terminated on relatively short notice prior to the expiry of the fixed term. The financial performance of Chandler Macleod is therefore susceptible to a loss of one or more major contracts or clients.

A significant proportion of Chandler Macleod's revenue comes from its top 20 clients and accordingly, the financial performance of Chandler Macleod is susceptible to the loss of one or more of these clients.

(c) Downturn in the labour hire industry

Chandler Macleod's revenue and growth are susceptible to any downturn in the labour hire industry. The labour hire industry is susceptible to any economic or political changes that lead to a decreased demand for workers. A deterioration in the economic and labour market conditions could have a material adverse impact on Chandler Macleod's earnings and financial position.

(d) Changes in contracting or recruitment patterns

Changes in contracting or recruitment patterns or demand for managed services in the markets in which Chandler Macleod operates, particularly any trend to such functions being undertaken in-house as opposed to being outsourced, may adversely affect the labour hire industry, the demand for managed services and the performance of Chandler Macleod.

(e) Industry specific factors

Chandler Macleod has a number of inherent risks associated with its businesses, including workplace health and safety risks and the risk of increases in workers' compensation insurance premiums. These risks are not isolated to Chandler Macleod, but rather to the labour hire and recruitment industries more generally.

Chandler Macleod places its employees in the workplace of other businesses. In certain circumstances, Chandler Macleod may be held responsible for the actions of people in a workplace not under the direct control of Chandler Macleod which may have an adverse effect on Chandler Macleod.

Chandler Macleod can also be adversely impacted by fluctuations or interruptions in the businesses of its clients, including for example, industrial disputes or natural disasters which may require clients to close or reduce their hours of operations.

(f) Ability to hire and retain qualified staff

Chandler Macleod's future revenues and earnings will in part depend upon its ability to engage qualified personnel to win and manage new clients and to service increased demand from existing clients. In addition, the ability of Chandler Macleod to satisfy increased demand for services will depend on the ability to retain existing personnel and attract new suitably qualified candidates to fill positions. Attracting and retaining qualified personnel may require increased salaries and enhanced benefits in more competitive markets. Chandler Macleod has in place appropriate long term and short term incentive schemes to mitigate these risks. Chandler Macleod has also implemented a retention program, as described in section 9.2(d), to mitigate the risk of loss of key management personnel and key employees in the 12 month period from the announcement of Chandler Macleod's entry into the Scheme Implementation Deed with Recruit. Any difficulties in retaining or attracting new suitably qualified personnel could have a material adverse effect on Chandler Macleod's business, revenues and earnings.

(g) Technology risk

Chandler Macleod is dependent on the performance, reliability and availability of its technology platforms, communications systems, servers, the internet, hosting services and the cloud-based environment in which it provides its products. Chandler Macleod relies on third party service providers for the delivery of some of its products, and accordingly many potential operational issues are outside Chandler Macleod's control. There is a risk that these systems may be adversely affected by disruption, failure, service outages or corruption of Chandler Macleod's information technology network and information systems that may occur as a result of bugs, computer viruses, 'worms' and other destructive or disruptive software as well as natural disasters, power outages, terrorist attacks and similar events.

Operational or business delays, and damage to reputation, may result from any disruption or failure of Chandler Macleod's information systems and product delivery platforms, which may be caused by events outside Chandler Macleod's control. This could lead to claims against Chandler Macleod by its customers and the eventual termination of customer contracts, and Chandler Macleod's third party technology supplier contracts may not entitle Chandler Macleod to recover all of the losses it may suffer.

Any disruption or failure of Chandler Macleod's technology systems, including those provided by third party providers, would adversely affect Chandler Macleod's business and financial position.

(h) Damage to Chandler Macleod's brands

A significant factor in the success of Chandler Macleod is its reputation and branding. A failure to maintain the strength of Chandler Macleod's brands could impact on its ability to recruit candidates, maintain the registrations of its licenses, maintain corporate relationships and successfully implement its business strategy.

Unforeseen issues or events which place Chandler Macleod's reputation at risk may impact on its future growth and profitability. Any factors that diminish the reputation of Chandler Macleod or any of its personnel could impede its ability to compete successfully and result in adverse effects on its future business plans. This may, in turn, have a material adverse effect on the financial performance of Chandler Macleod.

Allegations of wrong-doing on the part of Chandler Macleod or any other labour hire provider could attract adverse media coverage or regulatory scrutiny which focuses not only on the individual provider in question, but on the labour hire sector as a whole. These allegations and subsequent attention could potentially have an adverse impact on Chandler Macleod.

(i) Future activities

Chandler Macleod's financial and operational goals include being able to deliver acceptable financial returns to its shareholders. In order to be able to deliver on this goal, Chandler Macleod intends to pursue a number of strategic initiatives. These initiatives may include the expenditure of a material amount of capital funds, the acquisition of new businesses and divestment of current businesses, expansion into new territories, the exit from existing businesses, markets, categories or contracts, and investment in new technologies. Whilst such projects will be subject to rigorous evaluation and financial assessment, as well as executive management and board approval, there are inherent risks with such future initiatives which may result in a loss of earnings, loss of asset value or loss of reputation, which could have a material adverse impact on the financial performance of Chandler Macleod.

(j) Regulatory risk

Chandler Macleod is required to comply with a range of laws and regulations. Regulatory areas which are of particular significance to Chandler Macleod include employment, industrial relations, workplace health and safety, competition law, corporations law, intellectual property and taxation. The introduction of any new laws or changes to existing laws (or government policies) could result in increased costs being incurred by Chandler Macleod and therefore have a material adverse impact on the operating and financial performance of Chandler Macleod.

Changes in relevant taxes, including any change in tax arrangements between Australia and other jurisdictions relevant to Chandler Macleod's businesses, could have an adverse impact on the financial performance of Chandler Macleod.

(k) Litigation

Chandler Macleod may from time to time be the subject of complaints, litigation, investigations or audits initiated by third parties including clients, employees, government agencies or regulatory bodies alleging matters such as failure to comply with applicable employment or other laws and regulations, unsafe workplace practices, negligence or failure to comply with contractual obligations. Such matters may have a material adverse effect on Chandler Macleod, including through increased costs, payments for damages (if found liable) or reputational damage.

(l) Sovereign risk

Chandler Macleod operates and owns businesses in a number of overseas territories including New Zealand, Hong Kong, Singapore, Indonesia, China and the United Kingdom, in addition to its operations in Australia. A change in the laws, regulations or policies in one or more of any of those jurisdictions could impact Chandler Macleod's net assets or profitability. Approximately 5% of Chandler Macleod's normalised earnings before interest and tax in the financial year ended 30 June 2014 came from operations located in jurisdictions other than Australia.

(m) Industrial action

Some of Chandler Macleod's employees are members of unions. Chandler Macleod and the unions representing its employees periodically engage in contractual negotiations. Chandler Macleod considers that it has good relations with the unions representing its employees and there is no current expectation that operations will be disrupted by any industrial action in the foreseeable future. However, if the parties are unable to reach agreement in the negotiation of new contractual arrangements, or any other dispute arises, it may eventually lead to periods of industrial action. Sustained periods of industrial action may have an adverse impact on the operations and financial performance of Chandler Macleod.

8 Information relating to Chandler Macleod Directors

8.1 Interests of Chandler Macleod Directors in Chandler Macleod Securities

(a) Relevant Interests of Chandler Macleod Directors in Chandler Macleod Securities

As at the date immediately prior to the date of this Scheme Booklet, the Directors of Chandler Macleod had the following Relevant Interests in Chandler Macleod Shares:

Chandler Macleod Director	Number of Chandler Macleod Shares	Number of Chandler Macleod Options
Richard England	1,000,000	-
Mark Carnegie	-	-
Jack Cowin	29,212,929	-
Elizabeth Crouch	-	-
John Plummer	73,463,232	-
Cameron Judson	5,733,170*	-

* This amount includes 2,118,487 Chandler Macleod Shares held by the trustee of the Senior Executive Share Plan for Cameron Judson but had not vested as at the date immediately prior to the date of this Scheme Booklet – see Section 9.2 for further details.

(b) Dealings of Chandler Macleod Directors in Chandler Macleod Shares

No Chandler Macleod Director acquired or disposed of a Relevant Interest in any Chandler Macleod Share in the four month period ending on the date immediately prior to the date of this Scheme Booklet.

8.2 Interests of Chandler Macleod Directors in Recruit Group securities (including RGF securities)

(a) Relevant Interests of Chandler Macleod Directors in Recruit Group securities

As at the date immediately prior to the date of this Scheme Booklet, no Chandler Macleod Director had a Relevant Interest in any securities in Recruit or RGF.

(b) Dealings of Chandler Macleod Directors in securities of Recruit and RGF

No Chandler Macleod Director acquired or disposed of a Relevant Interest in any securities in Recruit or RGF in the four month period ending on the date immediately prior to the date of this Scheme Booklet.

8.3 Benefits and agreements

(a) Benefits in connection with retirement from office

No payment or other benefit is proposed to:

- be made or given to any director, company secretary or executive officer of Chandler Macleod as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in Chandler Macleod or in a Related Body Corporate of Chandler Macleod; or
- be made or given to any director, company secretary or executive officer of any Related Body Corporate of Chandler Macleod as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in that Related Body Corporate of Chandler Macleod or in Chandler Macleod,

in connection with the Scheme, other than in his or her capacity as a Chandler Macleod Shareholder.

(b) Agreements connected with or conditional on the Scheme

Other than as set out in Section 9.2(a) and 9.2(b) in relation to the impact of the Scheme on the Chandler Macleod incentive plans, there are no agreements or arrangements made between any Chandler Macleod Director and any other person in connection with, or conditional on, the outcome of the Scheme, other than in their capacity as a Chandler Macleod Shareholder.

(c) Interests of Chandler Macleod Directors in contracts with the Recruit Group

None of the Chandler Macleod Directors has any interest in any contract entered into by a Recruit Group Member (including RGF), or any Related Body Corporate of any Recruit Group Member, other than in their capacity as a Chandler Macleod Shareholder.

(d) Benefits from the Recruit Group

None of the Chandler Macleod Directors has agreed to receive, or is entitled to receive, any benefit from any Recruit Group Member (including RGF), or any Related Body Corporate of any Recruit Group Member, which is conditional on, or is related to, the Scheme, other than in their capacity as a Chandler Macleod Shareholder.

9 Additional information

9.1 Scheme Implementation Deed

(a) Overview

Chandler Macleod and Recruit entered into a Scheme Implementation Deed on 14 January 2015. The key terms of the Scheme Implementation Deed are summarised below.

A full copy of the Scheme Implementation Deed is attached to Chandler Macleod's ASX announcement of 14 January 2015, available at www.asx.com.au.

(b) Conditions Precedent

- **FIRB:** before 5:00pm on the Business Day before the Second Court Date, one of the following has occurred:
 - Recruit has received written notice under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**), by or on behalf of the Treasurer, advising that the Commonwealth Government has no objections to the Transaction, either unconditionally or on terms acceptable to Recruit acting reasonably; or
 - the Treasurer becomes precluded from making an order in relation to any acquisition by Recruit in relation to the Transaction contemplated by it under the FATA.
- **Shareholder approval:** the requisite majorities of Chandler Macleod Shareholders (other than Excluded Shareholders) agreeing to the Scheme at the Scheme Meeting under subparagraph 411(4)(a)(ii) of the Corporations Act;
- **Court approval:** the Court approving the Scheme in accordance with paragraph 411(4)(b) of the Corporations Act;
- **Restraints:** no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or Government Agency, or other material legal restraint or prohibition, preventing or delaying the Transaction being in effect, at 8:00am on the Second Court Date;
- **Independent Expert:** the Independent Expert issues an Independent Expert's Report which concludes that the Scheme is in the best interest of Chandler Macleod Shareholders before the time when the Scheme Booklet is registered by ASIC (and does not change that conclusion prior to 8:00am on the Second Court Date);
- **No Prescribed Occurrence:** no Prescribed Occurrence occurs between (and including) the date of the Scheme Implementation Deed and 8:00am on the Second Court Date;
- **No Regulated Event:** no Regulated Event occurs between (and including) the date of the Scheme Implementation Deed and 8:00am on the Second Court Date;
- **No Material Adverse Change:** no Material Adverse Change occurs or is reasonably likely to occur, or is discovered, announced, disclosed or otherwise becomes known to Recruit between (and including) the date of the Scheme Implementation Deed and 8:00am on the Second Court Date; and
- **Chandler Macleod Options:** before 8:00am on the Second Court Date, binding agreements have been entered into in respect of the cancellation of all outstanding Chandler Macleod Options in accordance with clause 4.5 of the Scheme Implementation Deed.

Section 9.5 contains information on the status of certain conditions precedent listed above.

(c) Exclusivity arrangements

The Scheme Implementation Deed contains certain exclusivity arrangements in favour of Recruit.

Those exclusivity arrangements are set out in full in clause 11 of the Scheme Implementation Deed.

In summary, Chandler Macleod has granted the following exclusivity rights in favour of Recruit during the Exclusivity Period:

- **No shop** – Chandler Macleod must not, and must ensure that each of its Related Persons does not, solicit any inquiry, expressions of interest, offer, proposal or discussion that may lead to an actual, proposed or potential Competing Proposal;
- **No talk** – Chandler Macleod must not, and must ensure that each of its Related Persons does not:
 - participate in, or continue, negotiations or discussions or provide information about the Chandler Macleod Group that may lead to an actual, proposed or potential Competing Proposal; or
 - negotiate or accept any arrangement regarding an actual, proposed or potential Competing Proposal,

unless the Chandler Macleod Board forms the opinion in good faith, after receiving written advice from its external legal advisers that failing to do so would, or would be likely to, constitute a breach of their fiduciary or statutory duties;

- **No due diligence** – Chandler Macleod must not solicit any person to undertake due diligence on the Chandler Macleod Group or make available any non-public information relating to the Chandler Macleod Group, unless the Chandler Macleod Board forms the opinion in good faith, after receiving written advice from its external legal advisers that failing to do so would, or would be likely to, constitute a breach of their fiduciary or statutory duties;
- **Notification of approaches** – Chandler Macleod must, as soon as practicable (and in any event by no later than midday on the following Business Day), notify Recruit if it, or any of its Related Persons, is approached in connection with an actual or potential Competing Proposal;
- **Matching right** – Chandler Macleod is prohibited from entering into any arrangement in connection with a Competing Proposal, and must use its best endeavours to procure that none of its directors change their recommendation in favour of the Transaction to recommend such Competing Proposal or recommend against the Transaction, unless:
 - the Competing Proposal is a Superior Proposal;
 - Chandler Macleod has given Recruit written notice of the key terms and conditions of the Competing Proposal (including the consideration under the Competing Proposal);
 - Chandler Macleod has given Recruit 5 Business Days (or 3 Business Days in the case of an amendment to the Competing Proposal to increase or modify the consideration) to provide a matching or superior proposal; and
 - Recruit does not, within the required timeframe, provide a written proposal to which the Chandler Macleod Board determines, acting in good faith, would result in an outcome at least as favourable for Scheme Shareholders as the relevant Superior Proposal,

provided, however, that this provision does not prohibit or require any action or inaction by Chandler Macleod or any of its Related Persons if the Chandler Macleod Board forms the opinion in good faith, after receiving written advice from its external legal advisers that failing to do so would, or would be likely to, constitute a breach of their fiduciary or statutory duties;

- **Notification of change of recommendation** – Chandler Macleod must, as soon as practicable (and in any event by no later than midday on the following Business Day), notify Recruit if it becomes aware that one or more members of the Chandler Macleod Board has determined to withdraw or change his or her recommendation in relation to the Scheme;
- **Termination of existing discussions** – Chandler Macleod must cease any discussions or negotiations existing as at the date of the Scheme Implementation Deed relating to any actual, proposed or potential Competing Proposal or any transaction that would, or would reasonably be expected to, reduce the likelihood of success of the Transaction;
- **Provision of information** – Chandler Macleod must as soon as possible provide Recruit with any material non-public information about the Chandler Macleod Group's business or affairs disclosed to any person in connection with a Competing Proposal.

(d) Change in recommendation

Chandler Macleod must use its best endeavours to procure that the Chandler Macleod Board unanimously recommend that Chandler Macleod Shareholders (other than Excluded Shareholders) vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert concluding that the Scheme is in the best interest of Scheme Shareholders, and must use its best endeavours to procure that members of the Chandler Macleod Board do not change, withdraw or modify their recommendation, unless:

- the Independent Expert provides a report to Chandler Macleod (including either the Independent Expert's Report or any update, addendum or variation to it) that concludes that the Scheme is not in the best interest of Chandler Macleod Shareholders;
- Chandler Macleod has received, other than as a result of a breach of the exclusivity arrangements, a Superior Proposal; or
- the Chandler Macleod Board has determined, after receiving advice from its Financial Advisers and legal advisers, that it is required to change, withdraw or modify its recommendation by virtue of the directors' duties of the members of the Chandler Macleod Board.

Chandler Macleod's obligations regarding the Chandler Macleod Board's recommendation of the Scheme are set out in clause 5.5 of the Scheme Implementation Deed.

(e) Reimbursement fee arrangements

Chandler Macleod has agreed to pay a reimbursement fee to Recruit if certain events occur, including:

- during the Exclusivity Period, any member of the Chandler Macleod Board withdraws, adversely revises or adversely qualifies his or her support of the Scheme or his or her recommendation that Chandler Macleod Shareholders vote in favour of the Scheme unless:

- the Independent Expert concludes that the Scheme is not in the best interest of Chandler Macleod Shareholders (except where that conclusion is due wholly or partly to the existence, announcement or publication of a Competing Proposal); or
- Chandler Macleod is entitled to terminate the Scheme Implementation Deed for Recruit materially breaching the Scheme Implementation Deed and provides Recruit with a termination notice;
- during the Exclusivity Period, any member of the Chandler Macleod Board recommends that Chandler Macleod Shareholders accept or vote in favour of, or otherwise supports or endorses a Competing Proposal that is announced during the Exclusivity Period;
- a Competing Proposal is announced during the Exclusivity Period and, within one year of such announcement, the Competing Proposal results in a Third Party acquiring a Relevant Interest in more than 50% of the Chandler Macleod Shares, acquiring Control of Chandler Macleod, acquiring all or a substantial part of Chandler Macleod's (or the Chandler Macleod Group's) business or assets, or otherwise acquiring, merging or amalgamating with Chandler Macleod;
- Recruit terminates the Scheme Implementation Deed as a result of Chandler Macleod:
 - materially breaching the Scheme Implementation Deed or any representation and warranty given by Chandler Macleod in Schedule 2 of the Scheme Implementation Deed and, in each case, failing to remedy such breach within 5 Business Days of receiving notification of the breach by Recruit;
 - agreeing to implement a Competing Proposal;
 - materially breaching the exclusivity provisions;
 - intentionally breaching the conduct of business restrictions and failing to remedy such breach within 5 Business Days of receiving notification of the breach by Recruit; or
 - a material Prescribed Occurrence or material Regulated Event is announced or otherwise becomes apparent to Recruit where such occurrence is the result of an intentional act of omission of a member of the Chandler Macleod Group; or
- the Court fails to approve the Scheme for which the approval of the requisite Chandler Macleod Shareholders has been obtained as a result of a material non-compliance by Chandler Macleod with any of its obligations under the Scheme Implementation Deed.

The amount of any such reimbursement fee will be A\$3,000,000.

Recruit has agreed to pay a reimbursement fee to Chandler Macleod if none of events listed above which trigger the payment of a reimbursement fee by Chandler Macleod to Recruit have occurred and certain events occur, including:

- Chandler Macleod terminating the Scheme Implementation Deed as a result of:
 - Recruit materially breaching the Scheme Implementation Deed; or
 - a breach of any representation and warranty given by Recruit in Schedule 1 of the Scheme Implementation Deed which is material or could reasonably be expected to lead to Recruit not being able to provide the Scheme Consideration
 and, in each case, such breach fails to be remedied within 5 Business Days of receiving notification of the breach by Chandler Macleod; or
- the Court fails to approve the Scheme for which the approval of the requisite Chandler Macleod Shareholders has been obtained as a result of a material non-compliance by Recruit with any of its obligations under the Scheme Implementation Deed.

The amount of such reimbursement fee will be A\$3,000,000.

The reimbursement fee arrangements are set out in clauses 12 and 13 of the Scheme Implementation Deed.

(f) Conduct of business

The Scheme Implementation Deed sets out the obligations of Chandler Macleod from the date of the Scheme Implementation Deed up to and including the Implementation Date in relation to the conduct of its business.

Broadly, Chandler Macleod has agreed (among other things):

- to conduct its business in the ordinary and usual course generally consistent with the manner in which it was conducted in the 12 month period before the date of the Scheme Implementation Deed;
- not to enter into any material line of business in which it is not engaged at the date of the Scheme Implementation Deed;
- to provide regular reports on the financial affairs of the Chandler Macleod Group to Recruit;
- ensure that no Prescribed Occurrence and no Regulated Event occurs between (and including) the date of the Scheme Implementation Deed and 8:00am on the Second Court Date;

- make all reasonable efforts, and procure that each Chandler Macleod Group Member makes all reasonable efforts to:
 - preserve and maintain the value of the businesses and assets of the Chandler Macleod Group and their relationships with Government Agencies, customers, suppliers and others with whom they have business dealings; and
 - keep available the services of the directors, officers and employees of each member of the Chandler Macleod Group;
- maintain insurance over the assets and business of the Chandler Macleod Group to the same extent as that in place at the date of the Scheme Implementation Deed (subject to availability at a reasonable cost and on reasonable commercial terms);
- not to enter into an joint venture, partnership or similar arrangement;
- to promptly notify Recruit of, and consult with Recruit in relation to, any material claim that is threatened, brought, asserted or commenced against the Chandler Macleod Group or their officers; and
- consult with Recruit in relation to any occurrence or matter reasonably likely to constitute a Material Adverse Change.

These restrictions are set out in full in clause 5.3 of the Scheme Implementation Deed.

(g) Termination rights

Broadly, Chandler Macleod can terminate the Scheme Implementation Deed:

- for material breach by Recruit of the Scheme Implementation Deed which has not been remedied within 5 Business Days of notification of breach;
- for permanent restraint or action to prevent the Transaction by a Government Agency;
- in certain circumstances, if a Condition Precedent is not satisfied or waived (as applicable);
- if the Scheme is not Effective by the End Date (which is 31 May 2015 or such other date as agreed between Recruit and Chandler Macleod);
- if a majority of the Chandler Macleod Board changes, withdraws or modifies its recommendation in favour of the Scheme as permitted under the Scheme Implementation Deed provided that Chandler Macleod has paid the reimbursement fee to Recruit;
- if Chandler Macleod has paid the Reimbursement Fee to Recruit in circumstances where it is required to do so under the Scheme Implementation Deed; or
- for breach of a representation and warranty given by Recruit which is material or could reasonably be expected to lead to Recruit not being able to provide the Scheme Consideration, which breach has not been remedied within 5 Business Days of notification of breach by Chandler Macleod.

Broadly, Recruit can terminate the Scheme Implementation Deed:

- for material breach by Chandler Macleod of the Scheme Implementation Deed which has not been remedied within 5 Business Days of notification of breach;
- for permanent restraint or action to prevent the Transaction by a Government Agency;
- in certain circumstances, if a Condition Precedent is not satisfied or waived (as applicable);
- if the Scheme is not Effective by the End Date (which is 31 May 2015 or such other date as agreed between Recruit and Chandler Macleod);
- if any Chandler Macleod Board Member fails to recommend the Scheme or withdraws, adversely revises or modifies their recommendation that Chandler Macleod Shareholders (other than Excluded Shareholders) vote in favour of the Scheme, or any Chandler Macleod Board Member makes a public statement indicating they no longer recommend the Transaction or endorsing another transaction (including a Competing Proposal);
- if Chandler Macleod agrees to implement a Competing Proposal;
- if Chandler Macleod materially breaches the exclusivity provisions;
- if Chandler Macleod intentionally materially breaches the conduct of business restrictions and fails to remedy such breach within 5 Business Days of receiving notification of the breach by Recruit;
- if a Material Adverse Change occurs, is announced or otherwise becomes apparent to Recruit;
- if a material Prescribed Occurrence or material Regulated Event is announced or otherwise becomes apparent to Recruit where such occurrence is the result of an intentional act of omission of a member of the Chandler Macleod Group; or
- for material breach of a representation and warranty given by Chandler Macleod which breach has not been remedied within 5 Business Days of notification of breach by Chandler Macleod.

The termination rights are set out in clause 14 of the Scheme Implementation Deed.

(h) Representations and warranties

Chandler Macleod gives a number of representations and warranties in favour of Recruit, including:

- the information regarding the Chandler Macleod Group prepared by Chandler Macleod for inclusion in this Scheme Booklet does not contain any statement which is materially misleading or deceptive, has been prepared in good faith and complies with applicable laws and regulations;
- the information provided by Chandler Macleod to the Independent Expert has been provided in good faith, is accurate in all material respects and taken as a whole, does not contain materially misleading or deceptive statements or material omissions;
- corporate warranties in relation to its existence, its authority, power and ability to enter into the Scheme Implementation Deed and the enforceability of the Scheme Implementation Deed against it;
- that it has complied with its continuous disclosure obligations under Listing Rule 3.1;
- in relation to its capital structure and ownership interests;
- that no Insolvency Event has occurred in relation to it or certain other Chandler Macleod Group Members;
- that it has materially complied with all applicable laws;
- the Disclosure Materials were prepared in good faith, are accurate in all material respects and taken as a whole, do not contain any material misleading or deceptive statements or material omissions;
- that it is not aware of any information relating to the Chandler Macleod Group as at the date of the Scheme Implementation Deed that could reasonably be expected to give rise to a Material Adverse Change that has not been disclosed to ASX or in the Disclosure Materials;
- that Chandler Macleod's audited financial statements for the full year ended 30 June 2014 show a true and fair view of the financial position and affairs of the Chandler Macleod Group as at that date and the financial performance of the Chandler Macleod Group for the financial period ending on that date;
- that it is not in material default under certain documents;
- that certain litigation or other proceedings on foot of which Chandler Macleod is aware (having made reasonable enquiries) have been Fairly Disclosed in the Disclosure Materials; and
- all incentive arrangements, payments to third party advisers in connection with the Transaction and other arrangements for the payment of consideration in connection with the Transaction have been Fairly Disclosed to Recruit.

The representations and warranties given by Chandler Macleod are set out in Schedule 2 of the Scheme Implementation Deed.

Recruit gives a number of representations and warranties in favour of Chandler Macleod, including:

- the information regarding the Recruit Group and the merged Chandler Macleod-Recruit entity following implementation of the Scheme, provided by Recruit for inclusion in this Scheme Booklet does not contain any statement which is materially misleading or deceptive, has been provided in good faith and complies with applicable laws and regulations;
- the information provided by Recruit to the Independent Expert has been provided in good faith;
- corporate warranties in relation to its existence, its authority, power and ability to enter into the Scheme Implementation Deed and the enforceability of the Scheme Implementation Deed against it;
- that RGF is a wholly-owned Subsidiary of Recruit;
- that no Insolvency Event has occurred in relation to it or certain Recruit Group Members; and
- it will have sufficient cash (whether from internal cash resources or external funding arrangements) to satisfy its obligation to pay the Scheme Consideration in accordance with its obligations under the Scheme Implementation Deed, the Scheme and the Deed Poll.

The representations and warranties given by Recruit are set out in Schedule 1 of the Scheme Implementation Deed.

9.2 Information relating to Chandler Macleod incentive plans

(a) Senior Executive Share Plan

If the Scheme is implemented, all vested Chandler Macleod Shares that are held under the Senior Executive Share Plan (**SESP**) will be acquired by RGF pursuant to the Scheme. With effect on the Effective Date, the Board will waive the remaining conditions attaching to all allocated but unvested Chandler Macleod Shares under the SESP and these Chandler Macleod Shares will also be acquired by RGF pursuant to the Scheme. On or after the Implementation Date, the trustee of the SESP will remit the proceeds of these acquisitions under the Scheme to the relevant SESP participants.

Any unallocated Chandler Macleod Shares held under the SESP will also be acquired by RGF pursuant to the Scheme if it is implemented – these include Chandler Macleod Shares that have been forfeited due to cessation of employment or failure to meet applicable performance conditions.

A participant in the SESP may direct the trustee of the SESP as to how the trustee should exercise any voting rights attaching to that person's Chandler Macleod Shares held under the SESP in respect of the Scheme Resolution. The trustee of the SESP must act in accordance with such a direction, otherwise than where the vote is conducted by a show of hands. If a participant does not give the trustee of the SESP a voting direction, the trustee must not exercise any voting rights attaching to the relevant Chandler Macleod Shares.

(b) Senior Executive Option Plan

As at the Last Practicable Date, there were 774,171 Chandler Macleod Options on issue, each of which was issued pursuant to the Senior Executive Option Plan.

As required by the Scheme Implementation Deed, Chandler Macleod has entered into an Option Cancellation Deed with each holder of Chandler Macleod Options, pursuant to which all Chandler Macleod Options (whether or not exercisable at the relevant time) will be cancelled for cash consideration equivalent to the Scheme Consideration.

The Chandler Macleod Options will be cancelled on the Implementation Date. This cancellation is subject to several conditions including the Scheme becoming Effective and the holder not forfeiting his or her entitlement to the relevant Chandler Macleod Options.

ASX has granted a waiver from ASX Listing Rule 6.23.2 to permit the Chandler Macleod Options to be dealt with in this fashion – see Section 9.10.

(c) Exempt Employee Share Plan and Deferred Tax Employee Share Plan

All Chandler Macleod Shares held under the Exempt Employee Share Plan (**EESP**) and the Deferred Tax Employee Share Plan (**DESP**) will be acquired by RGF pursuant to the Scheme if it is implemented. On or after the Implementation Date, the trustee of the DESP will remit the proceeds of these acquisitions under the Scheme to the relevant participants, while participants in the EESP will receive the Scheme Consideration at the same time, and in the same manner, as other Scheme Shareholders.

A participant in the DESP may direct the trustee of the DESP as to how the trustee should exercise any voting rights attaching to that person's Chandler Macleod Shares held under the DESP in respect of the Scheme Resolution. The trustee of the DESP must act in accordance with such a direction, otherwise than where the vote is conducted by a show of hands. If a participant does not give the trustee of the DESP a voting direction, the trustee must not exercise any voting rights attaching to the relevant Chandler Macleod Shares.

Participants in the EESP hold their Chandler Macleod Shares in their own name and may vote on the Scheme Resolution as described in Section 4.9(b).

(d) Retention Program

Chandler Macleod has also implemented a retention program involving the payment of financial incentives to key management personnel and other key employees to mitigate the risk of loss of key management personnel and key employees in the 12 month period from the announcement of Chandler Macleod's entry into the Scheme Implementation Deed with Recruit.

9.3 The Dividend

Under the terms of the Scheme Implementation Deed, Chandler Macleod is permitted to pay the Dividend of A\$0.017 per Chandler Macleod Share.

The Chandler Macleod Board has determined that Chandler Macleod Shareholders on the Dividend Record Date (currently expected to be 31 March 2015) will be entitled to receive the Dividend of A\$0.017 for the half year ended 31 December 2014, expected to be fully franked, in respect of each Chandler Macleod Share that they hold on that date. The Dividend is expected to be paid on 8 April 2015.

Chandler Macleod Shareholders who have validly registered their bank account details with the Chandler Macleod Share Registry before the Dividend Record Date will have the Dividend transferred directly to their bank account. Chandler Macleod Shareholders who have not registered their bank account details with the Chandler Macleod Share Registry before the Dividend Record Date will have their Dividend sent by cheque to the address shown on the Chandler Macleod Share Register.

If the Scheme does not become Effective, the Dividend will still be payable but the Chandler Macleod Board may review and re-determine the amount of the Dividend. If this occurs, Chandler Macleod will make an announcement to ASX at the relevant time.

9.4 Disputes and litigation

Chandler Macleod is from time to time involved in disputes and litigation.

As at the date of this Scheme Booklet, the Chandler Macleod Group is not involved in any ongoing litigation or dispute which is material in the context of Chandler Macleod and its Subsidiaries taken as a whole.

9.5 Status of Conditions Precedent

The Conditions Precedent are summarised in Section 9.1(b) and are set out in clause 3.1 of the Scheme Implementation Deed.

As at the date of this Scheme Booklet:

- (a) approval has been obtained from FIRB in relation to the Transaction, such that the Condition Precedent in clause 3.1(a) of the Scheme Implementation Deed has been satisfied; and
- (b) the Condition Precedent in clause 3.1(i) of the Scheme Implementation Deed relating to agreements being entered into for the cancellation of all Chandler Macleod Options has been satisfied.

Chandler Macleod will continue to keep Chandler Macleod Shareholders updated on any material developments.

9.6 Chandler Macleod Securities

As at the Last Practicable Date, Chandler Macleod had on issue:

- 547,985,086 Chandler Macleod Shares;
- 774,171 Chandler Macleod Options.

9.7 Substantial shareholders

As extracted from filings released on ASX, and information provided to Chandler Macleod by its Directors, in each case prior to the Last Practicable Date, the following persons were substantial holders of Chandler Macleod Shares:

Substantial holder	Number of Chandler Macleod Shares	Voting power
John Charles Plummer / Gold Tiger Investments Pty Ltd	73,463,232	13.41%
Lazard Carnegie Wylie	67,753,528	12.36%
Mr Victor John Plummer	57,000,000	10.40%
Challenger Limited	32,091,219	5.86%
NovaPort Capital Pty Ltd	30,918,311	5.64%
Wilson Asset Management Group	29,365,864	5.36%
Jack Cowin / Corom Pty Ltd	29,212,929	5.33%

9.8 Consents to be named

Each of Recruit and RGF has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named and to the inclusion of the information attributed to it in this Scheme Booklet. Each of Recruit and RGF has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name and the aforementioned information provided by Recruit, takes no responsibility for any other part of this Scheme Booklet.

Sumner Hall Associates has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named and to the inclusion of its Independent Expert's Report contained in Annexure 3 of this Scheme Booklet. Sumner Hall Associates has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name and the Independent Expert's Report contained in Annexure 3, takes no responsibility for any other part of this Scheme Booklet.

Boardroom Pty Limited (**Boardroom**) has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named. Boardroom has not made any statement that is included in the Scheme Booklet or any statement on which a statement in the Scheme Booklet is based. Boardroom has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name, takes no responsibility for any other part of this Scheme Booklet.

Moelis Australia Advisory Pty Ltd (**Moelis**) has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named. Moelis has not made any statement that is included in the Scheme Booklet or any statement on which a statement in the Scheme Booklet is based. Moelis has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name, takes no responsibility for any other part of this Scheme Booklet.

Ernst & Young has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named:

- as auditor of Chandler Macleod; and
- the preparer of the Tax Adviser's Report in the Scheme Booklet,

and to the:

- incorporation by reference of its audit report with respect to the financial reports of Chandler Macleod for the financial years ended 30 June 2012, 30 June 2013 and 30 June 2014 and its review report with respect to the interim financial report of Chandler Macleod Group Limited for the half year ended 31 December 2014 in Section 5.6 of the Scheme Booklet; and
- the inclusion of the Tax Advisor's Report, being a letter to the Directors of Chandler Macleod, titled "Australian Taxation Implications" in Annexure 1.

Ernst & Young has not caused or authorised the issue of this Scheme Booklet, and other than as set out above, takes no responsibility for any other part of this Scheme Booklet.

Herbert Smith Freehills (**HSF**) has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named. HSF has not made any statement that is included in the Scheme Booklet or any statement on which a statement in the Scheme Booklet is based. HSF has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name, takes no responsibility for any other part of this Scheme Booklet.

9.9 Intentions of Chandler Macleod Directors

If the Scheme becomes Effective, Chandler Macleod has agreed, as soon as practicable on the Implementation Date, after the Scheme Consideration has been despatched to Scheme Shareholders, to take all actions necessary to ensure that all directors on the Chandler Macleod Board resign.

Accordingly, it is not possible for the Chandler Macleod Directors to provide a statement of their intentions regarding:

- the continuation of the business of Chandler Macleod or how Chandler Macleod's existing business will be conducted;
- any major changes to be made to the business of Chandler Macleod, including any redeployment of the fixed assets of Chandler Macleod; or
- the future employment of the present employees of Chandler Macleod,

in each case, after the Scheme is implemented.

If the Scheme is implemented, RGF, a wholly owned Subsidiary of Recruit, will own all of the Chandler Macleod Shares and will Control Chandler Macleod. It is expected that if the Scheme becomes Effective, Recruit will nominate Cameron Judson to be one of its nominees on the Chandler Macleod Board. In that capacity, it is expected that his intentions will be consistent with Recruit's intentions. The Chandler Macleod Directors have been advised that the intentions of Recruit are as set out in Section 6.

9.10 Regulatory relief

ASX has granted Chandler Macleod a waiver of ASX Listing Rule 6.23.2 to the extent necessary to permit the treatment of the Chandler Macleod Options as set out in Section 9.2(b).

Paragraph 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations requires an explanatory statement to set out whether, within the knowledge of Chandler Macleod's directors, the financial position of Chandler Macleod has materially changed since the date of the last balance sheet laid before Chandler Macleod Shareholders in accordance with sections 314 or 317 of the Corporations Act, being 30 June 2014. ASIC has granted Chandler Macleod relief from this requirement so that this Scheme Booklet only need set out whether, within the knowledge of Chandler Macleod's directors, the financial position of Chandler Macleod has materially changed since 31 December 2014 (being the last date of the period to which the financial statements for the half year ended 31 December 2014 relate).

9.11 No unacceptable circumstances

The Chandler Macleod Directors believe that the Scheme does not involve any circumstances in relation to the affairs of Chandler Macleod that could reasonably be characterised as constituting 'unacceptable circumstances' for the purposes of section 657A of the Corporations Act.

9.12 Foreign jurisdictions

The distribution of this Scheme Booklet outside Australia may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. Chandler Macleod disclaims all liabilities to such persons.

Chandler Macleod Shareholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed.

No action has been taken to register or qualify this Scheme Booklet or any aspect of the Transaction in any jurisdiction outside of Australia.

9.13 No other material information

Except as disclosed elsewhere in this Scheme Booklet, so far as the Chandler Macleod Directors are aware, there is no other information that is:

- (a) material to the making of a decision by a Chandler Macleod Shareholder whether or not to vote in favour of the Scheme; and
- (b) known to any Chandler Macleod Director at the date of lodging this Scheme Booklet with ASIC for registration, which has not previously been disclosed to Chandler Macleod Shareholders.

9.14 Supplementary disclosure statement

Chandler Macleod will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of this Scheme Booklet and the Effective Date:

- a material statement in this Scheme Booklet is false or misleading in a material respect;
- a material omission from this Scheme Booklet;
- a significant change affecting a matter included in this Scheme Booklet; or
- a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had arisen before the date of this Scheme Booklet.

Depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, Chandler Macleod may circulate and publish any supplementary document by:

- making an announcement to ASX;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document to Chandler Macleod Shareholders at their address shown on the Chandler Macleod Share Register; and/or
- posting a statement on Chandler Macleod's website at www.chandlermacleod.com,

as Chandler Macleod in its absolute discretion considers appropriate.

10 Definitions and interpretation

10.1 Definitions

In this Scheme Booklet unless the context otherwise appears, the following terms have the meanings shown below:

Term	Meaning
Announcement Date	14 January 2015, being the date of the announcement of Chandler Macleod's entry into the Scheme Implementation Deed with Recruit (such announcement having been made after the close of trading on ASX on 14 January 2015).
ASIC	the Australian Securities and Investments Commission.
Associate	has the meaning set out in section 12 of the Corporations Act.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
Business Day	a day on which banks are generally open for business in Sydney and Tokyo, excluding a Saturday, Sunday or public holiday in either city.
CGT	Australian Capital Gains Tax.
Chandler Macleod	Chandler Macleod Group Limited ABN 33 090 555 052.
Chandler Macleod Board or Board	the board of directors of Chandler Macleod and a Chandler Macleod Board Member means any director of Chandler Macleod comprising part of the Chandler Macleod Board.
Chandler Macleod Consolidated Tax Group	the consolidated group of which Chandler Macleod is the head company (where 'consolidated group' and 'head company' have the same meaning as in the Tax Act).
Chandler Macleod Director or Director	each Chandler Macleod Board Member.
Chandler Macleod Group	Chandler Macleod and each of its Subsidiaries, and a reference to a Chandler Macleod Group Member is to Chandler Macleod or any of its Subsidiaries.
Chandler Macleod Options	options to subscribe for Chandler Macleod Shares, issued pursuant to Chandler Macleod's Senior Executive Option Plan approved by Chandler Macleod Shareholders at Chandler Macleod's 2007 Annual General Meeting.
Chandler Macleod Securities	a Chandler Macleod Share or a Chandler Macleod Option.
Chandler Macleod Share	a fully paid ordinary share in the capital of Chandler Macleod.
Chandler Macleod Share Register	the register of members of Chandler Macleod maintained by the Chandler Macleod Share Registry in accordance with the Corporations Act.
Chandler Macleod Share Registry	Boardroom Pty Limited ACN 003 209 836.
Chandler Macleod Shareholder	each person who is registered as the holder of a Chandler Macleod Share in the Chandler Macleod Share Register.
Competing Proposal	<p>any proposal, agreement, arrangement or transaction, which, if entered into or completed, would result in a Third Party (either alone or together with any Associate):</p> <ol style="list-style-type: none">1 directly or indirectly acquiring a Relevant Interest in, or having a right to acquire, a legal, beneficial or economic interest in, or control of, 20% or more of the Chandler Macleod Shares (or a Third Party already having an interest in, or control of, 20% or more of the Chandler Macleod Shares, increasing their interest);2 acquiring Control of Chandler Macleod;3 directly or indirectly acquiring or becoming the holder of, or otherwise acquiring or having a right to acquire, a legal, beneficial or economic interest in, or control of, all or a substantial part of Chandler Macleod's business or assets or the business or assets of the Chandler Macleod Group; or4 otherwise directly or indirectly acquiring, merging or amalgamating with Chandler Macleod,

Term	Meaning
	whether by way of takeover bid, members' or creditors' scheme of arrangement, shareholder approved acquisition, capital reduction, buy back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement or other transaction or arrangement.
Conditions Precedent	each of the conditions set out in clause 3.1 of the Scheme Implementation Deed and which are summarised in Section 9.1(b).
Control	has the meaning given in section 50AA of the Corporations Act.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Corporations Regulations	the <i>Corporations Regulations 2001</i> (Cth).
Court	the Federal Court of Australia or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Recruit and Chandler Macleod.
Deed Poll	a deed poll substantially in the form of Annexure 5 under which Recruit and RGF each covenant in favour of the Scheme Shareholders to perform the obligations attributed to them under the Scheme.
Disclosure Materials	<ol style="list-style-type: none"> 1 the documents and information contained in the data room made available by Chandler Macleod to Recruit and its Related Persons, at midday on the date of execution of the Scheme Implementation Deed, the index of which has been initialled by, or on behalf of, Chandler Macleod and Recruit for identification; and 2 written responses from Chandler Macleod and its Related Persons to requests for further information made by Recruit and its Related Persons between 24 November 2014 and 13 January 2015.
Dividend	a dividend to be paid by Chandler Macleod, expected to be fully franked, in the amount of A\$0.017 per Chandler Macleod Share (subject to any re-determination of the amount of the dividend as set out in Section 9.3).
Dividend Record Date	the Effective Date, or such other date determined by Chandler Macleod.
Effective	when used in relation to the Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the order of the Court made under paragraph 411(4)(b) of the Corporations Act in relation to the Scheme.
Effective Date	the date on which the Scheme becomes Effective.
End Date	31 May 2015 or such other date as agreed in writing by Chandler Macleod and Recruit.
Excluded Shareholder	any Chandler Macleod Shareholder who is Recruit, is RGF or who holds a Chandler Macleod Share on behalf of, or for the benefit of, any Recruit Group Member.
Exclusivity Period	the period from and including the date of the Scheme Implementation Deed to the earlier of: <ol style="list-style-type: none"> 1 the date of termination of the Scheme Implementation Deed; 2 the End Date; and 3 the Effective Date.
Fairly Disclosed	means disclosed to Recruit or any of its Related Persons, to the extent that, and in sufficient detail so as to enable, a reasonable bidder (or one of its Related Persons) experienced in transactions similar to the Transaction and experienced in a business similar to any business conducted by the Chandler Macleod Group, to identify the nature and scope of the relevant matter, event or circumstance (including, in each case, that the financial effect of the relevant matter, event or circumstance was reasonably ascertainable from the information disclosed).
FATA	the <i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth).
Financial Adviser	any financial adviser retained by Chandler Macleod or Recruit in relation to the Transaction from time to time.

Term	Meaning
Financial Indebtedness	any debt or other monetary liability (whether actual or contingent) in respect of monies borrowed or raised or any financial accommodation including under or in respect of any: <ol style="list-style-type: none"> 1 bill, bond, debenture, note or similar instrument; 2 acceptance, endorsement or discounting arrangement; 3 guarantee; 4 finance or capital lease; 5 agreement for the deferral of a purchase price or other payment in relation to the acquisition of any asset or service; or 6 obligation to deliver goods or provide services paid for in advance by any financier.
FIRB	the Australian Foreign Investment Review Board.
First Court Date	the first day on which an application made to the Court for orders under section 411(1) of the Corporations Act directing Chandler Macleod to convene the Scheme Meeting is heard (or if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard).
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government, whether foreign or Australian.
GST	Australian Goods and Services Tax.
Implementation Date	the 5th Business Day after the Scheme Record Date, or such other date after the Scheme Record Date as Chandler Macleod and Recruit agree.
Independent Expert	Sumner Hall Associates.
Independent Expert's Report	the report in respect of the Scheme prepared and issued by the Independent Expert for inclusion in the Scheme Booklet (or any update or variation to that report). A copy of the Independent Expert's Report is contained in Annexure 3.
Insolvency Event	in relation to an entity: <ol style="list-style-type: none"> 1 the entity resolving that it be wound up or a court making an order for the winding up or dissolution of the entity (other than where the order is set aside within 14 days); 2 a liquidator, provisional liquidator, administrator, receiver, receiver and manager or other insolvency official being appointed to the entity or in relation to the whole, or a substantial part, of its assets, other than pursuant to a voluntary members' liquidation; 3 a decree or order by a court for commencement of bankruptcy (<i>hasan</i>), civil rehabilitation (<i>minji saisei</i>), corporate reorganisation (<i>kaisha kosei</i>), special liquidation (<i>tokubetsu seisan</i>) proceedings or any other similar proceedings; 4 the entity executing a deed of company arrangement, or entry of an arrangement or compromise agreement into the official record under the special mediation (<i>tokutei chotei</i>) proceeding; 5 the entity ceases, or threatens to cease to, carry on substantially all the business conducted by it as at the date of the Scheme Implementation Deed; 6 the entity is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act (or, if appropriate, legislation of its place of incorporation, the same will apply in this item 6) or is otherwise presumed to be insolvent under the Corporations Act unless the entity has, or has access to, committed financial support from its parent entity such that it is able to pay its debts; 7 the entity being deregistered as a company or otherwise dissolved, except in the case of an entity with less than A\$5,000,000 in net assets as at the date of the Scheme Implementation Deed; or 8 a corresponding circumstance or event to those in the preceding paragraphs, under the law of a foreign jurisdiction.

Term	Meaning
Last Practicable Date	17 February 2015.
Listing Rules	means the official listing rules of ASX.
Material Adverse Change	<p>an event, change, condition, matter, circumstance or thing occurring before, on or after the date of the Scheme Implementation Deed (each a Specified Event) which, whether individually or when aggregated with all such events, changes, conditions, matters, circumstances or things of a like kind that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have:</p> <ol style="list-style-type: none"> 1 the effect of a diminution in the value of the consolidated net assets of the Chandler Macleod Group, taken as a whole, by at least A\$30,000,000 against what it would reasonably have been expected to have been but for such Specified Event; or 2 the effect of a diminution in the consolidated earnings before interest, tax, depreciation and amortisation of the Chandler Macleod Group, taken as a whole, (Consolidated EBITDA) by at least A\$10,000,000 in any financial year for the Chandler Macleod Group against what they would reasonably have been expected to have been but for such Specified Event, <p>other than those events, changes, conditions, matters, circumstances or things:</p> <ol style="list-style-type: none"> 3 required or permitted by the Scheme Implementation Deed, the Scheme or the transactions contemplated by either; 4 that are Fairly Disclosed in the Disclosure Materials; 5 agreed to in writing by Recruit; 6 arising as a result of any generally applicable change in law, accounting standards or governmental policy; 7 arising from changes in economic or business conditions (including interest rates) that impact on Chandler Macleod and its competitors in a similar manner; or 8 that Chandler Macleod Fairly Disclosed in an announcement made by Chandler Macleod to ASX, or a document lodged by it with ASIC, prior to the date of the Scheme Implementation Deed. <p>Furthermore, for purposes of assessing whether there has been a Material Adverse Change, the actual termination of customer contracts (including contracts in respect of which a notice of termination has been given, and not revoked, by the counterparty to the relevant Chandler Macleod Group Member) will only diminish the Consolidated EBITDA to the extent that the negative impact of all such actual customer contract terminations during the period from the date of the Scheme Implementation Deed, exceeds the positive impact (or expected impact) of all new customer contracts entered into, renewed or extended during the period from the date of the Scheme Implementation Deed, in which case the Consolidated EBITDA is only diminished by the net impact of such terminations and new contracts, renewals and extensions.</p>
Notice of Meeting	the notice of meeting relating to the Scheme Meeting to be held on 25 March 2015 which is contained in Annexure 6.
Prescribed Occurrence	<p>other than as:</p> <ol style="list-style-type: none"> 1 required or permitted by the Scheme Implementation Deed (including clause 5.3(b) of the Scheme Implementation Deed), the Scheme or the transactions contemplated by either; 2 Fairly Disclosed in the Disclosure Materials; 3 agreed to in writing by Recruit; or 4 Fairly Disclosed by Chandler Macleod in an announcement made by Chandler Macleod to ASX, or a document lodged by it with ASIC, before the date of the Scheme Implementation Deed, <p>the occurrence of any of the following:</p> <ol style="list-style-type: none"> 1 Chandler Macleod converting all or any of its shares into a larger or smaller number of shares; 2 a Chandler Macleod Group Member resolving to reduce its share capital in any way;

Term	Meaning
	<p>3 a Chandler Macleod Group Member:</p> <ul style="list-style-type: none"> entering into a buy-back agreement; resolving to approve the terms of a buy-back agreement under the Corporations Act; or implementing any buy-back announced by Chandler Macleod to ASX prior to the date of the Scheme Implementation Deed; <p>4 a Chandler Macleod Group Member issuing shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option, other than to a directly or indirectly wholly-owned Subsidiary of Chandler Macleod;</p> <p>5 a Chandler Macleod Group Member issuing or agreeing to issue securities convertible into shares or debt securities;</p> <p>6 a Chandler Macleod Group Member disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;</p> <p>7 a Chandler Macleod Group Member granting a Security Interest, or agreeing to grant a Security Interest, in the whole, or a substantial part, of its business or property other than a lien which arises by operation of law or legislation securing an obligation that is not yet due; or</p> <p>8 an Insolvency Event occurs in relation to a Chandler Macleod Group Member whose gross assets exceed A\$500,000 at the time of the Insolvency Event.</p>
Recruit	Recruit Holdings Co., Ltd.
Recruit Group	Recruit and each of its Subsidiaries, and a reference to a Recruit Group Member is to Recruit or any of its Subsidiaries.
RGF	RGF Staffing Melbourne two Pty Limited ACN 603 568 387.
Regulated Event	<p>other than as:</p> <ol style="list-style-type: none"> required or permitted by the Scheme Implementation Deed, the Scheme or the transactions contemplated by either; Fairly Disclosed in the Disclosure Materials; agreed to in writing by Recruit; or Fairly Disclosed by Chandler Macleod in an announcement made by Chandler Macleod to ASX, or a document lodged by it with ASIC, by Chandler Macleod prior to the date of the Scheme Implementation Deed, <p>the occurrence of any of the following:</p> <ol style="list-style-type: none"> Chandler Macleod Group Member reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares; Recruit becoming aware that the representation and warranty of Chandler Macleod in paragraph (i) of Schedule 2 to the Scheme Implementation Deed is materially inaccurate; Chandler Macleod returning or agreeing to return any capital to its members; a Chandler Macleod Group Member making any change to its constitution; a Chandler Macleod Group Member entering into a line of business which is materially different to the business in which the Chandler Macleod Group engages as at the date of the Scheme Implementation Deed, whether by way of acquisition or otherwise; a Chandler Macleod Group Member: <ul style="list-style-type: none"> acquiring, leasing or disposing of; agreeing to acquire, lease or dispose of; or offering, proposing, announcing a bid or tendering for the acquisition, leasing or disposal of, any business assets or securities, the value of which exceeds A\$10,000,000 (individually or in aggregate). For the avoidance of doubt, this does not include entry into customer contracts during the ordinary course of business;

Term	Meaning
7	a Chandler Macleod Group Member entering into a contract or commitment restraining a Chandler Macleod Group Member from competing with any person or conducting activities in any market;
8	<p>a Chandler Macleod Group Member:</p> <ul style="list-style-type: none"> entering into, renewing, extending or materially altering, varying or amending any contract or commitment (including in respect of Financial Indebtedness) other than a contract with a customer or supplier entered into in the ordinary course of business requiring payments by the Chandler Macleod Group in excess of A\$10,000,000 (individually or in aggregate) other than any payment required by law; (without limiting the foregoing) agreeing to incur capital expenditure from the date of the Scheme Implementation Deed of more than A\$5,000,000 (individually or in aggregate); waiving any material Third Party default where the financial impact on the Chandler Macleod Group will be in excess of A\$2,500,000 (individually or in aggregate); or accepting as a compromise of a matter less than the full compensation due to a member of the Chandler Macleod Group where the financial impact of the compromise on the Chandler Macleod Group is more than A\$2,500,000 (individually or in aggregate);
9	a Chandler Macleod Group Member providing financial accommodation other than to Chandler Macleod Group Members (irrespective of what form of Financial Indebtedness that accommodation takes) in excess of A\$2,500,000 (individually or in aggregate);
10	a Chandler Macleod Group Member entering into any agreement, arrangement or transaction with respect to derivative instruments (including swaps, futures contracts, forward commitments, commodity derivatives or options) or similar instruments;
11	a Chandler Macleod Group Member entering into, or resolving to enter into, a transaction with any related party of Chandler Macleod (other than a related party which is a member of the Chandler Macleod Group), as defined in section 228 of the Corporations Act;
12	<p>a Chandler Macleod Group Member entering into or materially altering, varying or amending any employment, consulting, severance or similar agreement or arrangement with one or more of the officers, directors or other key management personnel (as that term is defined in the Corporations Act) of Chandler Macleod, or accelerating or otherwise materially increasing compensation or benefits for any of the above, in each case other than pursuant to:</p> <ul style="list-style-type: none"> contractual arrangements in effect on the date of the Scheme Implementation Deed and which are contained in the Disclosure Materials; or Chandler Macleod's policies and guidelines in effect on the date of the Scheme Implementation Deed and which are contained in the Disclosure Materials;
13	<p>a Chandler Macleod Group Member entering into or materially altering, varying or amending any employment, consulting, severance or similar agreement or arrangement with one or more employees (other than an officer, director, other key management personnel (as that term is defined in the Corporations Act) of Chandler Macleod) of the Chandler Macleod Group, or accelerating or otherwise materially increasing compensation or benefits for any of the above, in each case other than pursuant to:</p> <ul style="list-style-type: none"> contractual arrangements in effect on the date of the Scheme Implementation Deed and which are contained in the Disclosure Materials; or Chandler Macleod's policies and guidelines in effect on the date of the Scheme Implementation Deed and which are contained in the Disclosure Materials, <p>if the aggregate of all such increases in compensation or benefits is no greater than A\$2,000,000 (and, for the avoidance of doubt, this regulated event does not apply to the Chandler Macleod Group's on-hire or client-site workforce nor to the turnover of casual staff and, in the case of employment agreements or arrangements entered into to effect a like-for-like replacement, only any increment in that person's compensation or benefits relative to those of the person he or she is replacing will be taken into account for the purposes of this regulated event);</p>

Term	Meaning
	<p>14 a Chandler Macleod Group Member paying any of its directors or employees a termination or retention payment, other than:</p> <ul style="list-style-type: none"> ▪ pursuant to or as required by the National Employment Standards or other statutory obligations; ▪ in accordance with contractual arrangements in effect on the date of the Scheme Implementation Deed and which are contained in the Disclosure Materials; or ▪ ex-gratia payments of not more than A\$50,000 that in aggregate amount to not more than A\$500,000; <p>15 a Chandler Macleod Group Member amending in any material respect any arrangement with its Financial Adviser, or entering into arrangements with a new Financial Adviser, in respect of the Transaction;</p> <p>16 a Chandler Macleod Group Member changing any accounting policy applied by them to report their financial position other than any change in policy required by a change in accounting standards;</p> <p>17 a Chandler Macleod Group Member doing anything that would result in a change in the Chandler Macleod Consolidated Tax Group;</p> <p>18 settling any legal proceedings, disputed claim, investigation, arbitration or other like proceeding where the settlement amount payable by any entity within the Chandler Macleod Group (after the deduction of any amounts recoverable under any applicable insurance policies or third party indemnification arrangements) exceeds A\$500,000;</p> <p>19 selling, licensing or granting any interest in, any brand of the Chandler Macleod Group to a Third Party;</p> <p>20 other than the Dividend, Chandler Macleod declaring, paying or distributing any dividend, bonus or other share of its profits or assets; or</p> <p>21 a Chandler Macleod Group member entering into, renewing, extending, altering or varying any agreement or arrangement:</p> <ul style="list-style-type: none"> ▪ for the award of any payment, bonus, incentive, severance pay or pension contribution to any director, officer or key management personnel of Chandler Macleod; or ▪ fees payable to a financial adviser relation to the Transaction <p>in each case other than pursuant to:</p> <ul style="list-style-type: none"> ▪ contractual arrangements in effect on the date of the Scheme Implementation Deed and which are contained in the Disclosure Materials; or ▪ Chandler Macleod's policies and guidelines in effect on the date of the Scheme Implementation Deed and which are contained in the Disclosure Materials.
Related Body Corporate	has the meaning given in section 50 of the Corporations Act.
Related Persons	<p>1 in respect of Chandler Macleod or Recruit or its Related Bodies Corporate, each director, officer, employee, adviser, agent or representative of that party or Related Body Corporate; and</p> <p>2 in respect of a Financial Adviser, each director, officer, employee or contractor of that Financial Adviser.</p>
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between Chandler Macleod and the Scheme Shareholders, the form of which is attached as Annexure 4, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to by Recruit and Chandler Macleod.
Scheme Booklet	this booklet, including the annexures to it.
Scheme Consideration	the consideration to be provided by Recruit to each Scheme Shareholder for the transfer to RGF of each Scheme Share, being for each Chandler Macleod Share held by a Scheme Shareholder as at the Scheme Record Date, an amount of A\$0.53.

Term	Meaning
Scheme Implementation Deed	the Scheme Implementation Deed between Chandler Macleod and Recruit dated 14 January 2015, a copy of which is attached to Chandler Macleod's ASX announcement of 14 January 2015 available at www.asx.com.au .
Scheme Meeting	the meeting of Chandler Macleod Shareholders (other than Excluded Shareholders) ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Meeting Proxy Form	the proxy form for the Scheme Meeting to be held on 25 March 2015 which accompanies this Scheme Booklet.
Scheme Record Date	5:00pm on the 5th Business Day after the Effective Date or such other time and date as Chandler Macleod and Recruit agree.
Scheme Resolution	the resolution set out in the Notice of Meeting to approve the terms of the Scheme.
Scheme Shares	all Chandler Macleod Shares held by the Scheme Shareholders as at the Scheme Record Date.
Scheme Shareholder	a holder of Chandler Macleod Shares recorded in the Chandler Macleod Share Register as at the Scheme Record Date (other than an Excluded Shareholder).
Second Court Date	the first day on which an application made to the Federal Court for orders under section 411(4)(b) of the Corporations Act approving the Scheme is heard (or if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard), with such hearing being the Second Court Hearing .
Security Interest	has the meaning given in section 51A of the Corporations Act.
Subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act.
Sumner Hall Associates	Sumner Hall Associates Pty Ltd ABN 72 074 140 177 AFS Licence No. 231214.
Superior Proposal	<p>a bona fide Competing Proposal of the kind referred to in any of paragraphs 2, 3 or 4 of the definition of Competing Proposal (and not resulting from a breach by Chandler Macleod of any of Chandler Macleod's obligations under clause 11 of the Scheme Implementation Deed) which the Chandler Macleod Board, acting in good faith, and after receiving written advice from its Financial Advisers and its legal advisers, determines:</p> <ol style="list-style-type: none"> 1 is reasonably capable of being valued and completed taking into account all aspects of the Competing Proposal, including any timing considerations, any conditions precedent and the identity of the proponent; and 2 would, if completed substantially in accordance with its terms, be more favourable to Chandler Macleod Shareholders (as a whole) than the Transaction, taking into account all terms and conditions of the Competing Proposal.
Tax Act	the <i>Income Tax Assessment Act 1997</i> (Cth).
Tax Adviser's Report	the report issued by Ernst & Young which provides a summary of the Australian tax implications for Chandler Macleod Shareholders in connection with the Scheme. A copy of the Tax Adviser's Report is set out in Annexure 1.
Third Party	a person other than Recruit and its Associates.
Transaction	the acquisition of the Scheme Shares by RGF through implementation of the Scheme in accordance with the terms of the Scheme Implementation Deed.
Treasurer	the Treasurer of the Commonwealth of Australia.
VWAP	volume weighted average price.

10.2 Interpretation

In this Scheme Booklet, unless the context otherwise appears:

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

Annexure 1

Australian taxation implications



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20 February 2015

The Directors
Chandler Macleod Group Limited
Level 18, 363 George Street
Sydney NSW 2000

Australian tax implications for Scheme Shareholders arising under the proposed acquisition of Chandler Macleod Group Limited (Chandler Macleod) under a scheme of arrangement

Dear Directors

We have been requested to prepare a summary of the Australian tax implications for Chandler Macleod Shareholders who are Scheme Shareholders in respect of the proposed acquisition of the Scheme Shares by RGF under the Scheme.

This summary should be read in conjunction with the remainder of the Scheme Booklet. All capitalised terms in this summary have the same meaning as defined terms in Section 10 of the Scheme Booklet, unless the context indicates otherwise.

Scope and introduction

The following summary:

- ▶ is based on the Australian taxation law and administrative practices as at the date of the Scheme Booklet;
- ▶ is an indicative guide and is not intended to be, and should not be seen as a substitute for personal tax advice;
- ▶ is general in nature and the individual circumstances of each Scheme Shareholder may affect the taxation implications arising for that Scheme Shareholder;
- ▶ is not intended to be an authoritative or exhaustive statement of the tax legislation applicable to all Scheme Shareholders; and
- ▶ only considers the Australian tax implications for Scheme Shareholders who hold Scheme Shares on capital account for Australian tax purposes.

The tax law is complex and is subject to periodic change (including retrospectively), as is the interpretation of the law by the courts and revenue authorities.

Accordingly, Scheme Shareholders should seek their own independent professional advice that considers the taxation implications arising from the disposal of their Scheme Shares and receipt of the Dividend, taking into account their own specific circumstances.

Chandler Macleod Shareholders not covered by this letter

This summary does not consider the tax implications for Chandler Macleod Shareholders who are not Scheme Shareholders, including those Chandler Macleod Shareholders who receive the Dividend but dispose of their shares before the Scheme Record Date.

In addition, this summary does not consider the tax implications for Scheme Shareholders who:

- ▶ are in the business of share trading, banking, dealing in securities or otherwise hold shares on revenue account or as trading stock;
- ▶ are tax residents of Australia that currently hold, or have held, Scheme Shares as part of an enterprise carried on, at or through a permanent establishment outside of Australia;
- ▶ are non-residents of Australia for tax purposes that currently hold, or have held, Scheme Shares as part of an enterprise carried on, at or through a permanent establishment in Australia;
- ▶ are financial institutions, insurance companies, listed investment companies, partnerships, tax exempt organisations, trusts (except where expressly stated), superannuation funds (except where expressly stated), or dealers in securities;
- ▶ are subject to the Taxation of Financial Arrangement rules contained in Division 230 of the *Income Tax Assessment Act 1997* in relation to gains and losses on their Scheme Shares;
- ▶ acquired the Scheme Shares through an employee share plan or employee share scheme; or
- ▶ are non-residents of Australia for tax purposes who held Scheme Shares at the time when they ceased being tax residents of Australia.

Class ruling

Chandler Macleod has lodged a Class Ruling request with the Australian Taxation Office (ATO). The Class Ruling request seeks the ATO's views on specific income tax consequences in relation to the Scheme Consideration and the Dividend.

The Class Ruling has not been issued by the ATO as at the date of the Booklet. When issued, the final Class Ruling will be available on the ATO website at www.ato.gov.au.

We have made note of any statements in this letter which are subject to the Class Ruling request. We are not aware of any facts or circumstances related to the Scheme that would cause the comments contained in this letter to be inaccurate. However, it is possible the ATO may conclude differently and it is therefore important that this letter be read in conjunction with the final Class Ruling when it is issued by the ATO.

1. Disposal of Scheme Shares

Australian tax resident Scheme Shareholders

If the Scheme is approved, CGT event A1 should occur on the Implementation Date for Scheme Shareholders.

Scheme Shareholders should, in respect of each Scheme Share:

- ▶ make a capital gain from CGT event A1 if the capital proceeds from the disposal of their Scheme Share is greater than the cost base of their Scheme Share; or
- ▶ make a capital loss from CGT event A1 if the capital proceeds from the disposal of their Scheme Share is less than the reduced cost base of their Scheme Share.

Capital proceeds from the disposal of Scheme Shares

The capital proceeds from the disposal of Scheme Shares should be equal to the Scheme Consideration received of \$0.53 for each Scheme Share held on the Scheme Record Date. The Class Ruling request will seek the ATO's confirmation that the Dividend does not form part of the capital proceeds in respect of the disposal of Scheme Shares.

Cost base or reduced cost base in Scheme Shares

The cost base or reduced cost base of Scheme Shares should be the amount paid (or deemed to be paid) to acquire the Scheme Shares, as well as incidental costs (if any) incurred in relation to the acquisition or disposal of the Scheme Shares.

CGT discount on capital gains

A Scheme Shareholder who is an individual, complying superannuation fund or a trust, and who has held their Scheme Shares for at least 12 months prior to the Implementation Date, should be able to reduce any net capital gain (i.e. the capital gain after the application of current and prior year capital losses) on the disposal of their Scheme Shares by the CGT discount.

Where the CGT discount rules apply, the rules should enable a net capital gain arising from the disposal of Scheme Shares to be reduced as follows:

- ▶ 50% for individuals and trusts; and
- ▶ 33⅓% for complying superannuation funds.

The CGT discount concession is not available to companies (including corporate beneficiaries of trusts).

Capital losses

Capital gains and capital losses of a taxpayer are aggregated to determine whether a taxpayer has a net capital gain or net capital loss for that income year.

A net capital loss incurred by a Scheme Shareholder in the 2015 income year may be able to be carried forward to future income years and offset against capital gains in those years (subject to the satisfaction of various requirements).

Scheme Shareholders should seek their own independent professional tax advice in relation to the operation of these rules.

Non-Australian tax resident Scheme Shareholders

Non-resident Scheme Shareholders should not be subject to Australian income tax on the disposal of their Scheme Shares under the Scheme.

Non-Australian resident Scheme Shareholders should obtain their own independent tax advice regarding the implications of participating in the Scheme in Australia and in their own country of residence.

2. Receipt of Dividend

Australian tax resident Scheme Shareholders

The tax treatment that would ordinarily apply to dividends should not be affected by the Scheme. That is, Australian tax resident Scheme Shareholders should:

- ▶ include the amount of the Dividend and the franking credits attached in their assessable income in the income year in which the Dividend payment is received; and
- ▶ be entitled to a tax offset equal to the amount of the franking credits attached to the Dividend.

However, there are a number of integrity provisions which may operate to prevent a Scheme Shareholder from being entitled to a tax offset for the franking credits attached to the Dividend. These include:

- ▶ the holding period (i.e. the 45 day rule) and related payment rules;
- ▶ rules targeting streaming of distributions;
- ▶ rules targeting dividend stripping operations; and
- ▶ rules targeting franking credit trading schemes.

Subject to the comments below, we do not consider that any of these integrity provisions should apply to the Dividend. The Class Ruling request lodged by Chandler Macleod will seek the ATO's confirmation on this.

Assuming a Scheme Record date of 9 April 2015, and subject to confirmation in the Class Ruling, it is expected that Scheme Shareholders who acquired their Scheme Shares on or before 22 February 2015 and held them up to and including the Scheme Record date should be entitled to a tax offset for the franking credits attached to the Dividend.

Scheme Shareholders that are individuals and who acquired their Scheme Shares after 22 February 2015 should also be entitled to a tax offset for the franking credits attached to the Dividend if their total franking credit entitlement in respect of all dividends which they receive during the 2015 income year does not exceed \$5,000.

The extent to which the Scheme Shareholders will be able to access the franking credit tax offset will also depend on their status and specific circumstances, as outlined in the discussion below. This discussion assumes that the integrity provisions referred to above will not apply to the Dividend.

Individuals and complying superannuation funds

Scheme Shareholders that are individuals and complying superannuation funds should be entitled to a tax offset equal to the amount of the franking credits attached to the Dividend.

Individuals and complying superannuation funds that have franking credits in excess of their tax liability in respect of the income may be entitled to a refund for any franking credits in excess of their total tax liability.

Companies

Scheme Shareholders that are companies should be entitled to a tax offset equal to the amount of the franking credits.

Scheme Shareholders that are companies should also receive a credit to their franking account equal to the amount of the franking credits.

Trusts

In circumstances where there are no beneficiaries that are presently entitled to the income of a trust, the trustee will bear the tax liability in respect of the Dividend and should be entitled to a tax offset equal to the amount of the franking credits attached to the Dividend.

Where beneficiaries are presently entitled to the income of a trust, the Dividend and attached franking credits should flow through to those presently entitled beneficiaries. The tax treatment of the Dividend and any franking credits in the hands of those beneficiaries will depend on the tax status of the beneficiaries.

Non-Australian tax resident Scheme Shareholders

On the basis and to the extent that the Dividend will be fully franked, Scheme Shareholders that are not Australian residents for tax purposes should not be liable to pay Australian tax in respect of the Dividend.

3. Stamp duty

Scheme Shareholders should not be required to pay any stamp duty on the disposal of their Scheme Shares to RGF.

4. Goods and Services Tax ("GST")

The disposal of Scheme Shares by Scheme Shareholders under the Scheme should not attract GST. However, the ability of Scheme Shareholders to claim input tax credits of any GST included in the cost incurred on acquisitions (if any) related directly or indirectly to the disposal of shares may be restricted.

This is a complex area of the GST law and GST registered Scheme Shareholders should seek their own independent professional tax advice in this regard.

5. Disclaimer

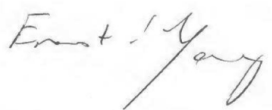
This summary does not constitute financial product advice as defined in the Corporations Act. This summary is confined to taxation issues and is only one of the matters you need to consider when making a decision about your investments. You should consider taking advice from a licensed adviser, before making a decision about your investments. The partnership of Ernst & Young is not required to hold an Australian Financial Services Licence under the Corporations Act to provide you with this taxation advice.

We consent to the inclusion of this letter in the Scheme Booklet. This consent has not been withdrawn at the date of this letter.

We have not caused and take no responsibility for the publication of any part of the Scheme Booklet in which this letter appears, other than this letter itself.

* * * *

Yours sincerely



Ernst & Young

Annexure 2

ASX Announcements by Chandler Macleod from 16 February 2015 (being the date on which Chandler Macleod lodged the half yearly accounts for the half year ended 31 December 2014 with ASX)

This table does not contain announcements on the ASX relating to substantial holder notices.

Date	Announcement
17 February 2015	CMG Announcement FIRB approval
16 February 2015	CMG Investor Presentation H1 FY2015
16 February 2015	CMG Results Announcement H1 FY2015
16 February 2015	CMG Financial Report H1 FY2015
16 February 2015	CMG Appendix 4D H1 FY2015

Annexure 3

Independent Expert's Report

SUMNER HALL ASSOCIATES PTY LTD

ABN 72 074 140 177
AFS LICENCE No. 231214

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NSW 2027
AUSTRALIA

20 February 2015

The Directors
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2000

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Dear Sirs,

Independent Expert's Report - Scheme of Arrangement with Recruit Holdings Co., Ltd

1 Introduction

The Directors of Chandler Macleod Group Limited ("CMG") announced on 14 January 2015 that they had agreed to recommend that shareholders, in the absence of a superior offer, vote in favour of a scheme of arrangement under which Recruit Holdings Co., Ltd ("Recruit Holdings"), through a wholly-owned subsidiary, would acquire 100% of the shares in CMG for cash consideration of 53¢ per CMG share.

Recruit Holdings, based in Japan, is a major international provider of recruitment, temporary staffing and permanent placement services to companies worldwide. Recruit Holdings also has a number of other businesses including information services in such fields as education, housing, travel, restaurants, cars, weddings, beauty, hobbies and lifestyle. Recruit Holdings was founded as Daigaku Shinbun Kokoku-sha, a university newspaper advertising agency, in Tokyo in 1960. The company changed its name to Recruit Co., Ltd in 1984 and continued to operate as a private company until 2014. The company listed as Recruit Holdings Co., Ltd on the Tokyo Stock Exchange on 16 October 2014 and has a current market capitalisation (based on total shares on issue) of approximately ¥1.9 trillion (equivalent to approximately A\$19 billion).

Recruit Holdings has proposed that it will acquire 100% of CMG by way of a scheme of arrangement ("the CMG Scheme") involving CMG's shareholders. This will involve the transfer of 100% of the ordinary shares in CMG to a wholly-owned subsidiary of Recruit Holdings in exchange for a payment of 53¢ per CMG share. CMG is also permitted to pay a dividend of up to 1.7¢ per share (that is expected to be fully franked) in respect of the half year ended 31 December 2014 as noted in CMG's announcement to the ASX on 14 January 2015. This payment is in addition to the cash payment from Recruit Holdings. The CMG Scheme includes shares that are the subject of the various CMG share incentive plans. A separate agreement has been reached in relation to outstanding options to acquire ordinary shares in CMG. Conditional on the CMG Scheme becoming effective, option holders will receive a cash payment of 53¢ per option and the outstanding options will be cancelled by CMG. Accordingly, approval of the CMG Scheme will result in Recruit Holdings ultimately owning 100% of the issued capital of CMG.

There is no requirement in the Corporations Act, 2001 ("the Corporations Act") for an independent expert's report to be prepared in relation to the CMG Scheme. Nonetheless, the Directors of CMG have requested that Sumner Hall Associates Pty Ltd ("Sumner Hall") prepare an independent expert's report setting out Sumner Hall's opinion as to whether the CMG Scheme is fair and reasonable and in the best interests of CMG shareholders. Sumner Hall is independent of CMG and has no other involvement with, or interest in the outcome of, the CMG Scheme. This report has been prepared to assist the Directors of CMG in making their recommendations to shareholders in relation to the CMG Scheme.

A copy of this report is to be included in the CMG Scheme booklet to be sent by CMG to its shareholders.

2 Summary and Conclusions

In Sumner Hall's opinion, the CMG Scheme is fair and reasonable and, therefore, the CMG Scheme is in the best interests of CMG shareholders in the absence of a superior proposal.

The proposed acquisition price of 53¢ for CMG shares is at the top end of Sumner Hall's estimate of the underlying value for 100% control of the shares in CMG in the range 46-53¢ per share and, accordingly, the price offered in the CMG Scheme is fair.

The proposed acquisition price represents a significant premium to the price at which shares in CMG traded in the period immediately before the announcement of the CMG Scheme. The offer price of 53¢ represents a premium of 82.8% over the last trading price of 29¢ immediately prior to the announcement of the CMG Scheme and a 65.6% premium to the 32¢ average price at which CMG shares traded over the two months preceding the announcement of the CMG Scheme. It is reasonable to expect that CMG shares would trade at prices significantly lower than current market prices in the absence of the CMG Scheme or alternative proposals for the acquisition of CMG.

The share register of CMG, while not widely held, is relatively open and there is no individual shareholding in CMG that is likely to be able to block an alternative potential purchaser to Recruit Holdings. However, CMG has agreed to no-shop, no-talk and no-due diligence provisions and a reimbursement fee arrangement with Recruit Holdings. Recruit Holdings has also been granted the right to match any unsolicited competing proposal. Although these types of provisions are no longer unusual in the Australian market and the potential reimbursement fee of \$3.0 million does not present a material barrier to alternative proposals, these provisions could still inhibit a counter bidder. In any event, the opportunity to put forward an alternative proposal will remain until the CMG Scheme meeting and the Directors of CMG would consider any such proposal on its merits if and when it arose.

An expanded summary of the reasons for Sumner Hall's opinion is set out below:

- **Sumner Hall has valued CMG in the range 46-53¢ per share.**

Sumner Hall's valuation of CMG is summarised below:

CMG- Valuation Summary (\$ millions)		
	Valuation Range (AS\$ millions)	
	Low	High
Staffing Services business	220.0	240.0
Managed Services business	100.0	110.0
Specialist Products business	38.0	42.0
Combined value of recruitment and staffing businesses	358.0	392.0
40% interest in Cornerstone Global Partners	6.0	7.0
Total value of CMG's business assets	364.0	399.0
Bank borrowings and lease liabilities	105.5	105.5
Provision for dividend payment	9.3	9.3
Contingent payment for investment in Cornerstone Global Partners	0.9	0.9
Contingent liability to acquire remainder of Grafton Consulting	0.4	0.4
Surplus cash	(5.1)	(5.1)
Net indebtedness	111.0	111.0
Net value of CMG	253.0	288.0
Shares on issue ¹ (millions)	547.985	547.985
Net value per share	46¢	53¢

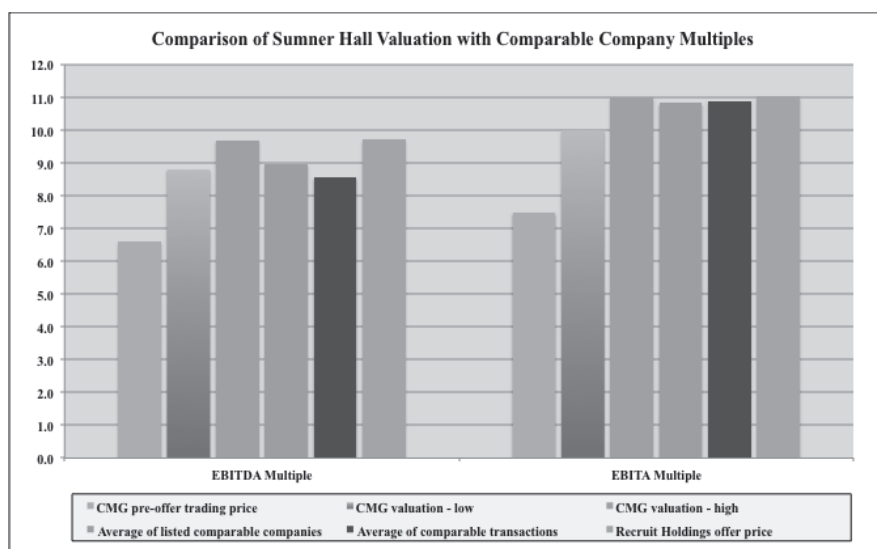
CMG has been valued by aggregating the estimated fair market value of the individual businesses and other assets and deducting net debt. This value is appropriate for the acquisition of CMG as a whole and, accordingly, incorporates a premium for control. A value determined on this basis would usually

¹ This figure includes shares that have been set aside for allotment under the terms of the Senior Executive Share Plan.

exceed the price at which shares will trade on the sharemarket in the absence of a takeover offer or other proposal involving a change in control and assuming that the market is fully informed.

The principal approach to valuing the three main recruitment and staffing services related businesses of CMG has been by reference to capitalised earnings and cash flows (in particular, by reference to capitalisation multiples applied to current and forecast EBITDA). A discounted cash flow valuation has been applied as a secondary check on the valuation result. Other assets have been valued based on estimated net realisable value.

The combined valuation of the recruitment and staffing businesses of CMG in the range \$358-392 million represents a multiple in the range 8.8-9.7 times estimated 2015 EBITDA (and a multiple in the range 10.0-11.0 times estimated 2015 EBITA). This range of multiples is consistent with the multiples paid in other transactions involving the acquisition of control of recruitment and staffing services companies and the trading multiples for listed recruitment and staffing services companies (after allowing for a premium for control) as summarised below:



Based on assumptions that are regarded as reasonable as described briefly above and set out in detail in the valuation section of this report, Sumner Hall has valued 100% of CMG, after allowing for net indebtedness and the estimated realisable value of other assets, in the range \$253-288 million which represents 46-53¢ per share. The proposed acquisition price of 53¢ for CMG shares is at the top end of Sumner Hall's estimate of the underlying value for 100% control of the shares in CMG and, accordingly, the price offered in the CMG Scheme is fair.

- **Additional factors have been considered in determining whether the CMG Scheme is fair and reasonable and in the best interests of CMG shareholders.**

An offer price that is fair is also, by definition, reasonable and in the best interests of shareholders. Accordingly, the CMG Scheme is fair and reasonable and in the best interests of CMG shareholders. Sumner Hall has, nonetheless, considered other factors in reaching its conclusion.

The CMG Scheme provides CMG shareholders with the ability to sell their shares for cash at a price that significantly exceeds the recent trading range for CMG shares. The opportunity for CMG shareholders to realise this value may not be otherwise available for some time, at least not in the short term (in the absence of the CMG Scheme or an alternative proposal).

In the absence of the CMG Scheme or other proposals for the acquisition of 100% of CMG, Sumner Hall expects that CMG shares would trade at prices significantly below current market prices (which reflect the 53¢ offer price to be paid by Recruit Holdings if the CMG Scheme is approved and the

proposed dividend payment for the half year ended 31 December 2014). These prices would almost certainly not be sustained, at least in the short term, if CMG were to remain listed as is. CMG shares had not traded at prices as high as the 53¢ offer price since the announcement of the 2013 results in August 2013 and have traded at prices in the range 30-40¢ for most of the twelve month period immediately preceding the announcement on 14 January 2015 that CMG had entered into a scheme implementation deed with Recruit Holdings in relation to the CMG Scheme.

The offer price of 53¢ to be paid by Recruit Holdings under the CMG Scheme represents a premium of 82.8% over the last trading price of 29¢ immediately prior to the announcement of the CMG Scheme and a 65.6% premium to the 32¢ average price at which CMG shares traded over the two months preceding the announcement of the CMG Scheme. This is well above the level of premiums that are generally observed in takeovers and schemes of arrangement in the Australian market that tend to be in the range 25-35% compared to the pre-offer share trading price. However, it is important to recognise that:

- i) takeover premiums are observed outcomes rather than determinants of value;
- ii) pre-offer share prices can sometimes reflect takeover speculation or other unusual factors; and
- iii) takeover premiums vary widely depending on individual circumstances including many instances where the takeover premium is well below or well above the 25-35% range that is often cited as the typical range.

The share register of CMG, while not widely held, is relatively open and there is no individual shareholding in CMG that is likely to be able to block an alternative potential purchaser to Recruit Holdings. The largest shareholder accounts for 13.4% of the shares on issue. No single party has control of the company and the potential remains for an alternative proposal to be made. However, CMG has agreed to no-shop, no-talk and no-due diligence provisions and a reimbursement fee arrangement with Recruit Holdings. Recruit Holdings has also been granted the right to match any unsolicited competing proposal. Although these types of provisions are no longer unusual in the Australian market and the potential reimbursement fee of \$3.0 million does not present a material barrier to alternative proposals, these provisions could still inhibit a counter bidder. In any event, the opportunity to put forward an alternative proposal will remain until the CMG Scheme meeting and the Directors of CMG would consider any such alternative proposal on its merits if and when it arose.

▪ **CMG shareholders should also consider certain other matters when making a decision in relation to the CMG Scheme.**

Sumner Hall's opinion has been formed on the basis of business conditions specific to CMG and other general economic and market conditions that applied during the weeks leading up to the date of this report.

Sumner Hall has not been engaged to provide a recommendation to CMG shareholders in relation to the CMG Scheme. Responsibility for a recommendation in relation to the CMG Scheme rests with the Directors of CMG. In any event, approval or rejection of the CMG Scheme is ultimately a matter for individual shareholders based on their own views as to the value of CMG, expectations about future market conditions, risk profile, liquidity preference, investment strategy, portfolio structure and tax position. CMG shareholders who are in doubt as to the action that they should take in relation to the CMG Scheme should consult their own professional adviser.

Sumner Hall has prepared a Financial Services Guide as required by the Corporations Act. Sumner Hall's Financial Services Guide is included as Annexure C to this report.

3 Scope of the Report

3.1 Purpose of the Report

The CMG Scheme is being undertaken pursuant to Part 5.1, Section 411 of the Corporations Act. Section 412(1) of the Corporations Act requires, for any meeting convened under Section 411, that an explanatory statement (in this case, the Scheme Booklet) must be sent to shareholders explaining the effect of the proposal and setting out such information as is prescribed and any other information that is material to the making of a decision by a shareholder as to whether or not to agree to the proposal.

Part 3 of Schedule 8 of the Corporations Regulations 2001 sets out the prescribed information relating to proposals made under Section 411 of the Corporations Act including the CMG Scheme. Part 3 of Schedule 8 stipulates that the Scheme Booklet must include an independent expert's report if:

- i) the other party to the proposal has a relevant interest in the company of 30% or more; or
- ii) a director of any corporation that is the other party to the proposal is also a director of the company that is the subject of the proposal.

In this case, Recruit Holdings did not hold any shares in CMG at the time of the announcement of the CMG Scheme and none of the directors of Recruit Holdings were directors of CMG. Accordingly, there is no requirement for an independent expert's report to be prepared for inclusion in the Scheme Booklet. Nonetheless, the Directors of CMG have requested that Sumner Hall prepare an independent expert's report setting out Sumner Hall's opinion as to whether the CMG Scheme is fair and reasonable and in the best interests of shareholders.

Sumner Hall is independent of CMG and has no other involvement with, or interest in, the outcome of the CMG Scheme. A copy of this report is to be despatched to CMG shareholders along with the Scheme Booklet issued by CMG. This report has been prepared by Sumner Hall to assist the Directors of CMG in making their recommendation to shareholders in relation to the CMG Scheme. The sole purpose of this report is an expression of Sumner Hall's opinion as to whether the CMG Scheme is fair and reasonable and in the best interests of CMG shareholders. This report should not be used for any other purpose or by any other party. To the extent that this report is used by any party other than the Directors of CMG, this report would constitute general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual shareholders in CMG. Shareholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs before acting in relation to their holdings. Shareholders should read the Scheme Booklet issued by CMG in relation to the CMG Scheme.

3.2 Basis of the Report

Regulatory Guide 111, published by the Australian Securities & Investments Commission ("ASIC"), sets out the principles and matters that ASIC expects an independent expert to take into account when preparing a report for a proposal pursuant to Section 411 of the Corporations Act. Schemes of arrangement pursuant to Section 411 of the Corporations Act can encompass a wide variety of transaction types. Accordingly, Regulatory Guide 111 differentiates between the analysis that should apply to transactions involving a change in control of a company and other transactions.

In the context of transactions involving a change in control (such as the CMG Scheme)², the expert is required to determine whether the transaction is "*fair*" and whether it is "*reasonable*" as discrete concepts. Fairness involves a comparison of the offer price with the value that can be attributed to the securities that are the subject of the offer based on the value of the underlying businesses and assets. Any existing entitlement to securities by the offeror is to be ignored and the value is to be determined on the basis that 100% ownership of the company is available. Reasonableness, by contrast, involves an analysis of factors other than the relationship between price and value that security holders might consider in determining whether to accept or reject a proposal including:

² For other types of transactions besides control transactions, whether the proposal is "*in the best interests of*" security holders must be capable of a broad interpretation to meet the particular circumstances of each transaction. This usually involves a judgment on the part of the expert as to the overall commercial effect of the transaction, the circumstances that have led to the transaction and the alternatives available. The expert must weigh up the advantages and disadvantages of the proposal and form an overall view as to whether various classes of security holders are likely to be better off if the proposal is implemented than if it is not.

- i) the offeror's existing shareholding and other significant shareholdings;
- ii) the likelihood of an alternative offer; and
- iii) the liquidity of the market for the company's shares.

Fairness is a more demanding criterion than reasonableness. A proposal that is "*fair*" will also always be "*fair and reasonable*" (both logically and by definition, according to Regulatory Guide 111) but a proposal that is "*reasonable*" may not necessarily be "*fair*". A proposal might be considered reasonable, even if it was not fair, provided that there were valid reasons to accept the offer notwithstanding that the offer price was less than the value of the underlying businesses and assets. For example, an offer price that is in excess of pre-bid market prices but less than full value will not be fair but may be reasonable if shareholders are otherwise unlikely to realise an amount for their shares in excess of the offer price in the foreseeable future. This is often the case where an offeror already controls the target company and shareholders therefore have little prospect of receiving a proposal from a third party offering full value for their shares.

In the case of the CMG Scheme, the proposal has essentially the same effect as a takeover offer for CMG. Sumner Hall has evaluated the CMG Scheme as a control transaction and formed an opinion as to whether the CMG Scheme is fair and reasonable and, therefore, in the best interests of CMG shareholders.

Sumner Hall has determined whether the CMG Scheme is fair by comparing the price to be paid by Recruit Holdings with the estimated value range for CMG's underlying businesses and assets. In considering whether the CMG Scheme is fair and reasonable and in the best interests of CMG shareholders, the factors that have been considered include whether the CMG Scheme is fair, the existing shareholding structure of CMG, the likelihood of an alternative offer or proposal that could realise fair value, the likely market price and liquidity of CMG shares in the absence of the CMG Scheme and any other benefits that might arise from the CMG Scheme.

3.3 Sources of Information

During the course of preparing this report, Sumner Hall held discussions with, and received information from, senior management and directors of CMG and its advisors. In preparing this report, Sumner Hall has utilised and relied upon, without independent verification, the following information:

- i) the Scheme Implementation Deed between CMG and Recruit Holdings dated 14 January 2015 in relation to the CMG Scheme;
- ii) a draft Scheme Booklet in relation to the CMG Scheme dated 24 January 2015;
- iii) the Annual Reports of CMG for the years ended 30 June 2014 and 30 June 2013;
- iv) the Half-Year Report of CMG for the six months ended 31 December 2014;
- v) press releases, stock exchange announcements and other public filings by CMG;
- vi) the management accounts of CMG for the period ending 30 September 2014 and the years ended 30 June 2014, 30 June 2013 and 30 June 2012;
- vii) the 2015 budget and updated management earnings forecasts for CMG;
- viii) other confidential documents including strategic plans and board reports related to the business operations of CMG;
- ix) information relating to the recruitment and staffing services industry including publicly available reports by IBISWorld Pty Ltd and other industry analysts and public filings by other listed companies engaged in the recruitment and staffing services industry; and
- x) annual reports, stock exchange announcements, investor and analysts' presentations, brokers' analysts reports and press clippings on publicly listed recruitment and staffing services

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companies and transactions involving acquisitions of interests in recruitment and staffing services companies and related sharemarket data.

3.4 Limitations and Reliance on Information

Sumner Hall's opinion is based on economic, financial market, business trading and other conditions and expectations prevailing at the date of this report. These conditions can change significantly over relatively short periods of time and, if they did change materially, the valuations and opinions expressed in this report could be different.

This report is also based upon financial and other information provided by CMG. Sumner Hall has considered and relied upon this information. Sumner Hall has no reason to believe that any material facts have been withheld. The information provided to Sumner Hall has been evaluated through analysis, enquiry and review for the purposes of forming an opinion as to whether the CMG Scheme is fair and reasonable and in the best interests of CMG shareholders. However, Sumner Hall does not warrant that its enquiries have identified or verified all of the matters that an audit, extensive examination or "due diligence" investigation might disclose. Sumner Hall has made what it considers to be appropriate enquiries for the purpose of forming its opinion but "due diligence" of the type undertaken by companies and their advisers in relation to prospectuses, profit forecasts and acquisitions is beyond the scope of an independent expert's report. Accordingly, this report and Sumner Hall's opinion as to whether the CMG Scheme is fair and reasonable and in the best interests of CMG shareholders should be considered more in the nature of an overall review rather than a comprehensive audit or detailed investigation.

An important part of the information used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgment of management. This type of information was also evaluated through analysis, enquiry and review to the extent practical. However, such information is not always capable of external verification or validation.

Preparation of this report does not imply that Sumner Hall has audited in any way the management accounts or other books and records of CMG. It is understood that the accounting information that was provided to Sumner Hall was prepared in accordance with Australian equivalents to International Financial Reporting Standards and in a manner consistent with the method of accounting in previous years unless otherwise noted.

The information provided to Sumner Hall included forward looking information comprising, inter alia, budgets and forecasts of future revenues, expenditures, profits and cash flows. CMG is responsible for this information. Sumner Hall has assumed that this forward looking information was prepared appropriately and accurately based on the information available to management at the time and within the practical constraints and limitations of such forward looking information. It has been assumed that this information does not reflect any material bias, either positive or negative. Sumner Hall has no reason to believe otherwise. However, Sumner Hall does not in any way guarantee or otherwise warrant the achievability of the outcomes contemplated in the forward-looking information. This type of information is inherently uncertain. This information represents predictions by management of future events that cannot be assured and are necessarily based on assumptions, many of which are beyond the control of the company and its management. Actual results may be significantly more or less favourable.

In forming its opinion, Sumner Hall has also assumed that matters such as title, compliance with laws and regulations, and contracts in place are in good standing and will remain so and that there are no material legal proceedings. To the extent that there are legal issues relating to assets, properties or business interests or issues relating to compliance with applicable laws, regulations and policies, Sumner Hall assumes no responsibility and offers no legal opinion or interpretation.

Sumner Hall believes that its report and the opinion included in the report must be considered as a whole and that selecting portions of the analysis, without considering all of the factors and analysis together, could create a misleading view of the process underlying the opinion. The preparation of a report of this nature is a complex process and is not necessarily susceptible to partial analysis or summary.

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4 Profile of CMG

4.1 Overview of the Company

CMG was established in 1959. The business was built on the provision of psychometric testing and assessment of employment candidates for prospective employers. By the early 2000s, CMG had expanded and diversified into recruitment and related activities and had become part of a larger organisation known as The Ready Group Pty Ltd. This reflected the name of one of that company's primary businesses, Ready Workforce, which was a blue-collar temporary staffing services business.

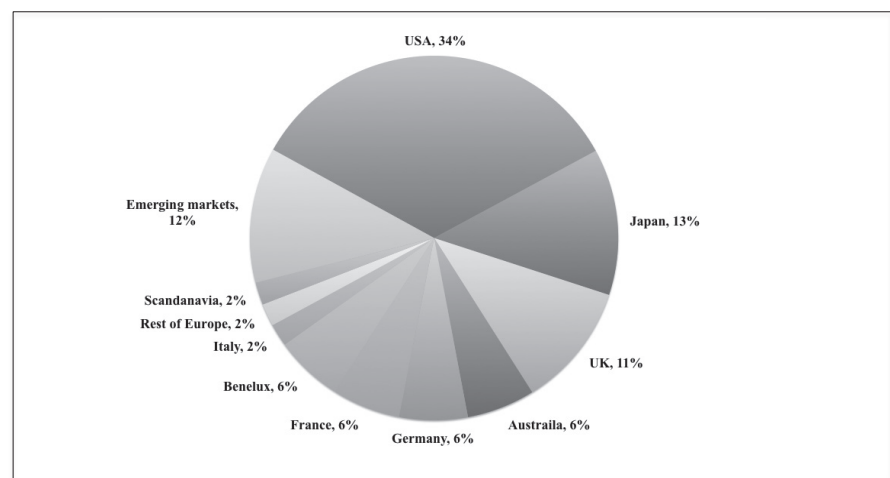
The company converted from a proprietary company to an unlisted public company on 20 September 2002 and changed its name from The Ready Group Pty Ltd to Chandler Macleod Group Limited. In May 2005, the company merged with the Forstaff Group, an employment placement and labor hire company with a strong position in the aviation market, and simultaneously completed a reverse takeover of an ASX-listed company shell called NCML Holdings Limited in order for the merged business to go public. CMG shares began trading on the ASX on 10 June 2005 with a market capitalisation of approximately \$120 million at that time.

Following organic growth and several other acquisitions including the acquisition of Ross Human Directions in 2011, AHS Hospitality in 2012, Vivir Healthcare in 2012 and Grafton Consulting in 2013, CMG now has four principal business operations:

- i) Staffing Services – CMG's largest business that comprises recruitment and placement of staff for a variety of white-collar and blue-collar industries on a permanent, contract or temporary basis;
- ii) Managed Services – recruitment process outsourcing and provision of staff on a outsourced, risk-sharing basis to the hospitality and aged care sectors through the AHS Hospitality and the Vivir Healthcare businesses;
- iii) Specialist Products – business process outsourcing including the Aurion payroll services business and HR consulting services including psychometric testing and employee assessments; and
- iv) International – recruitment and staffing services and HR consulting services provided outside of Australia with the primary locations being New Zealand and southeast Asia.

4.2 Industry Overview

CMG operates in an industry that can generally be described as the human resources ("HR") or HR services industry. From CMG's perspective, the HR services industry is predominantly made up of the markets for temporary and permanent staffing, recruitment, placement, executive search and outsourcing of related HR services. Globally, these markets have been estimated in the order of \$500 billion with the United States being the largest single market as shown below:

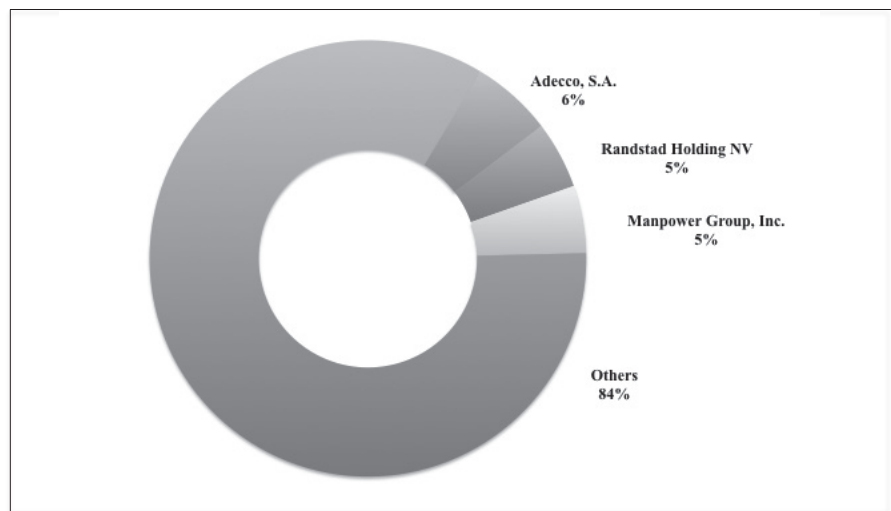


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Japan is considered to be the second largest single market with a total size of \$65 billion representing approximately 13% of the global market. Australia is the fourth equal largest single market with an estimated size of \$30 billion, on par with France and Germany.

Despite a relatively small number of countries making up the vast majority of the global market for HR services (with just six countries accounting for 76% of the global market), each individual market is highly fragmented with hundreds (or thousands) of competing businesses in most major regional and local markets³.

There are three well-known HR services companies that operate on a global basis and account for a combined global market share of approximately 16%:



Adecco, S.A. (“Adecco”) is based in Switzerland, Randstad Holding NV (“Randstad”) is based in the Netherlands and Manpower Group, Inc. (“Manpower”) is based in the United States. All three companies operate globally and all three companies have a significant presence in the Australian market (albeit with relatively small market shares compared to their market shares globally and in other individual markets such as the United States and France).

The Australian market for HR services has been estimated at approximately \$30 billion⁴. This is comprised of two distinct sectors:

- i) temporary staffing services (approximately \$19 billion); and
- ii) employment placement and recruitment services (approximately \$11 billion).

The largest provider of services in these two combined market sectors is Skilled Group Limited (“Skilled Group”) with estimated revenues of approximately \$1.9 billion from these two sectors representing a market share of 6.3%.

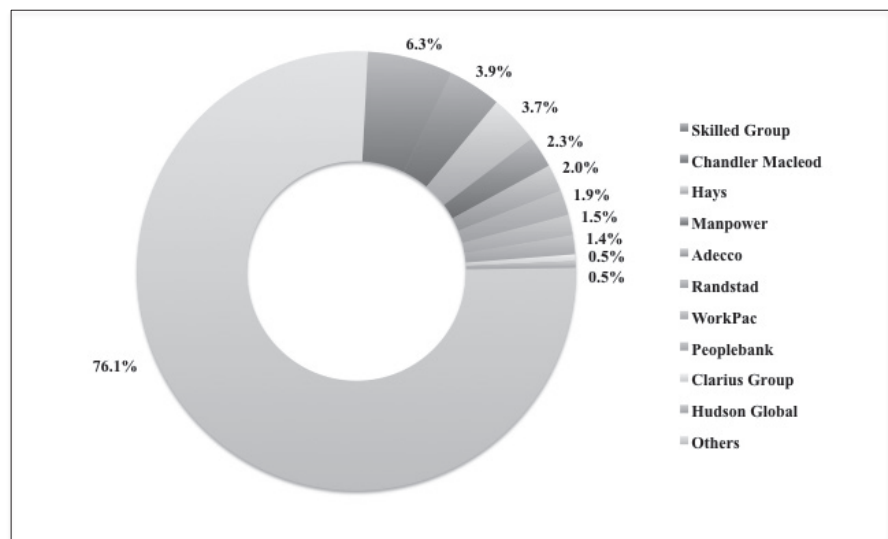
CMG is the next largest participant in these two sectors with a market share of 3.9%.

The three major global HR service providers (Adecco, Randstad and Manpower) are ranked 4th to 6th (but not in that order) in the Australian market as shown below:

³ France is a notable exception with the three major global recruitment and staffing services companies (Adecco, Randstad and Manpower) accounting for a combined 70% share of the French market.

⁴ This estimate is based on two reports published by IBISWorld Pty Ltd – IBISWorld Industry Report N7212, *Temporary Staff Services in Australia*, September 2014 and IBISWorld Industry Report N7211 – *Employment Placement and Recruitment Services in Australia*, September 2014.

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These ten companies account for approximately 24% of the Australian market with the two smallest companies, Clarius Group Limited (“Clarius Group”) and Hudson Global, Inc. (“Hudson Global”) holding market shares of only 0.5% each. This leaves a highly fragmented market with hundreds of small companies and other service providers making up the remaining 76% of the Australian market.

The relative strength of CMG’s competitors varies between these two market sectors. Skilled Group operates primarily in the temporary staffing services sector with an 8.9% share of that market (compared to a 6.3% share of the combined markets). CMG is the second largest competitor in the temporary staffing services market with a 5.0% share followed by Manpower and Adecco.

The largest competitor in the employment placement and recruitment sector is Hays plc (“Hays”) with a 7.5% share. Randstad is the second largest competitor in that market sector with a 3.6% share followed by CMG and Manpower.

Recruitment and staffing services companies typically offer a range of services including one or more of the following depending on the size and strategic focus of the organisation:

- i) recruitment, selection and placement of employees on a permanent basis with revenue generated by charging the employer a fee based on the salary of the individual placed;
- ii) provision of temporary staffing and labor hire with revenue generated by charging the employer a rental based on the contractor’s hours;
- iii) self-service recruitment through on-line job boards and similar delivery mechanisms with revenue generated by charging an advertising fee to the prospective employer;
- iv) psychometric testing and assessment of prospective and current employees to assist in staff selection and reduce staff turnover;
- v) HR consulting services including outplacement and career transition services, training and education services, HR project management and other HR management consulting services;
- vi) recruitment process outsourcing; and
- vii) other business process outsourcing including payroll and time and attendance employee management systems.

Many of the leading companies in the industry have shifted from a primary focus, historically, on the first two categories of employment recruitment and placement and temporary staffing services to a

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complementary mix⁵ of those traditional activities with self-service recruitment, recruitment process outsourcing, business process outsourcing and other managed services.

The level of demand for traditional recruitment and staffing services is highly correlated with, and dependent upon, the overall strength of local and regional economies and the related labor markets. Demand for employment placement and recruitment services, and particularly for temporary staffing services, increases during periods of economic growth as the need for employers to recruit, train and retain an adequate pool of employees that matches the skills required becomes more critical. Conversely, demand for those recruitment and staffing services declines during periods of economic downturn. Other HR services including some HR consulting services, business process outsourcing and other managed services are not correlated in the same way and can be a source of relatively higher growth rates for providers of those services during both periods of economic growth and decline.

IBISWorld has forecast that the Australian market for temporary staffing services (in revenue terms) will grow at an average annual rate of 1.2% from 2015 to 2020 with some individual years exceeding that average but other years showing little or no growth. The IBISWorld forecast for the Australian employment placement and recruitment services market, including recruitment process outsourcing, is lower with an average annual rate of 0.6% forecast from 2015 to 2020. This lower rate of revenue growth in the employment placement and recruitment services market is largely due to an expectation for higher rates of competition and pressure on rates rather than lower demand.

The recruitment and staffing services industry in Australia (excluding HR consulting services, business process outsourcing and other managed services) is in a mature phase of its life cycle with expected growth rates that are lower than estimated GDP growth over the same period. The industry is also fragmented and competitive with low barriers to entry. This presents both risks and opportunities for CMG and the major global HR services companies. Internationally, there has been some consolidation of the industry in recent years but most of the merged and acquired businesses have been at the very small end of the market with only a relatively small number of acquisitions of recruitment and staffing services companies of any substantial size. There has not yet been any consolidation between the ten largest companies in the world. As a consequence, both the global market and the Australian market remain highly fragmented despite the consolidation that has taken place. To a certain degree, the merger and acquisition activity that has taken place has involved recruitment and staffing services companies diversifying into HR consulting, outsourcing and managed services rather than consolidating and expanding their traditional activities with these non-traditional services considered to offer greater scope for growth in both revenues and margins.

⁵ Not all leading recruitment and staffing services companies have adopted this approach. Some companies, such as SEEK Limited in Australia and Monster Worldwide, Inc. in the United States, for example, have focused on a particular segment (self-service recruitment in those cases) of the industry.

4.3 Historical Operating Results for CMG

The historical operating results of CMG for the three years ended 30 June 2014 are summarised below:

CMG – Historical Operating Performance (\$000s)			
	Year ended 30 June		
	2012 (actual)	2013 (actual)	2014 (actual)
Staffing Services revenue ⁶	1,335,102	1,234,809	1,141,281
Managed Services revenue	172,745	231,684	233,582
Specialist Products revenue	41,093	37,416	38,334
Total revenue	1,548,940	1,503,909	1,413,197
Contractor and other direct costs	1,338,012	1,296,897	1,222,467
Gross margin	210,928	207,012	190,730
(gross margin percentage)	13.6%	13.8%	13.5%
Other operating expenses	132,331	127,586	117,754
EBITDA before corporate overheads	78,597	79,426	72,976
Corporate overheads	36,442	34,173	33,257
EBITDA from operating businesses	42,155	45,253	39,719
Depreciation	4,284	4,935	4,749
EBITA from operating businesses	37,871	40,318	34,970
Amortisation	5,575	6,625	7,528
EBIT from operating businesses	32,296	33,693	27,442
Net profit share from 40% interest in Cornerstone Global Partners	-	-	477
Abnormal income (expenses)	(1,220)	(9,863)	(2,042)
Total EBIT	31,076	23,830	25,877
Net interest expense	8,845	8,482	8,504
Net profit before tax	22,231	15,348	17,373
Income tax expense	6,174	4,640	3,904
Net profit after tax	16,057	10,708	13,469

Revenues and EBITDA (before corporate overheads) have declined from 2012 to 2014 and are expected to remain relatively flat for 2015. However, significant savings have been made through corporate cost reductions with EBITDA (after corporate overheads) increasing by 7% to \$45 million in 2013 before declining to just under \$40 million in 2014. EBITDA is expected to rebound slightly for 2015 as a result of stabilised revenues and margins in the Staffing Services and Specialist Products businesses together with increased revenues and margin improvements in the Managed Services business (after allowing for the impact of the run-off of a long term aviation contract with Qantas at Avalon airport⁷).

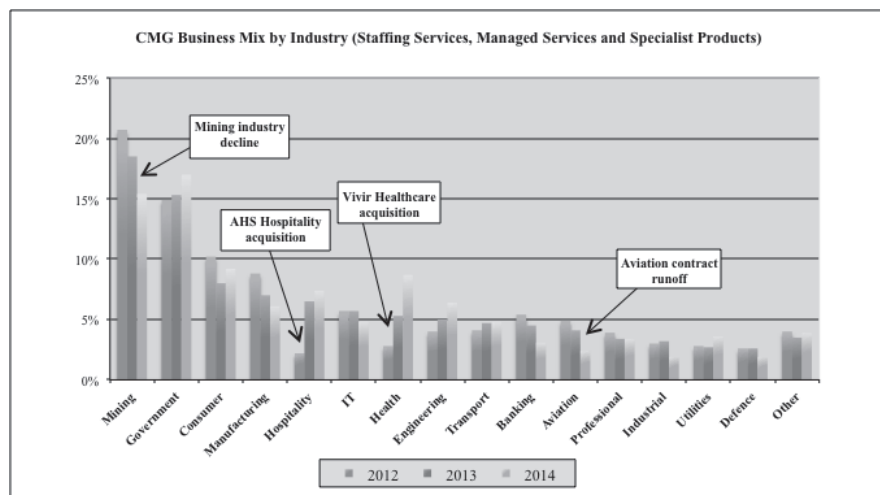
Total revenue fell by approximately 3% from \$1.55 billion in 2012 to \$1.50 billion in 2013. However, the acquisitions of AHS Hospitality in February 2012 and Vivir Healthcare in December 2012 have a significant impact on this comparison. Excluding the impact of these acquisitions, revenues fell at an even greater rate of approximately 9% from 2012 to 2013. This can be seen in the decrease in Staffing Services revenue by approximately 8% from \$1.34 billion in 2012 to \$1.23 billion in 2013 and the decrease in Specialist Products revenue by approximately 9% from \$41 million in 2012 to \$37 million in 2013. By contrast, Managed Services revenue increased by just over 34% from \$173 million in 2012 to \$232 million in 2013 although the bulk of this increase was due to the acquisitions of AHS Hospitality and Vivir Healthcare rather than growth in other managed services. Revenues from the

⁶ International revenue has been allocated between the Staffing Services and Specialist Products business operations. Revenue from the Grafton Consulting business in New Zealand has been included with Specialist Products and all other international revenue has been included with Staffing Services.

⁷ The aviation contract contributed approximately \$26 million in revenue for 2014. Adjusting for the impact of this contract, underlying revenue from the Managed Services business is expected to increase by approximately 10% from approximately \$207 million in 2014 to \$227 million for 2015.

ongoing Managed Services business are expected to continue to grow through 2015 although the total reported revenue is likely to decrease due to the runoff of the aviation contract with Qantas.

CMG draws its customers from a wide range of Australian industries:



These figures are based on CMG's revenue across all of its business lines. The largest industry sectors (mining, government, consumer and manufacturing), however, are principally associated with the Staffing Services business.

The decline in Staffing Services revenue from 2012 to 2014 reflects the downturn in the mining industry during that period. This decline was offset to some degree by increases in the government and consumer sectors but two other important industries – manufacturing and information technology – also declined.

By contrast, revenue from the hospitality and healthcare industries increased significantly. This was principally a result of the acquisitions of AHS Hospitality and Vivir Healthcare during this period.

A breakdown of CMG's profitability by division (before corporate overheads) is set out below:

CMG – EBITDA by Division (\$000s)			
	Year ended 30 June		
	2012 (actual)	2013 (actual)	2014 (actual)
Staffing Services division	58,106	56,127	46,496
- EBITDA percentage	4.4%	4.6%	4.1%
Managed Services division	11,811	17,131	18,867
- EBITDA percentage	6.8%	7.4%	8.1%
Specialist Products division	8,680	6,168	7,613
- EBITDA percentage	21.1%	16.5%	19.7%
Total EBITDA before corporate overheads	78,597	79,426	72,976
- EBITDA percentage	5.1%	5.3%	5.2%

The overall decline in EBITDA before corporate overheads from approximately \$79 million in 2012 and 2013 to a level of approximately \$73 million is largely attributable to a significant decline in the Staffing Services business. EBITDA from the staffing services division has fallen by over 15% during this period. There has been some reduction in margins but the decline has been mainly driven by volume reductions arising from lower customer demand in key industries including the mining and

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manufacturing industries. Efforts by CMG to reduce costs have mitigated the impact of these volume reductions on profit margins but there has nonetheless been a significant negative impact on EBITDA.

By contrast, both revenue and EBITDA from the Managed Services business have increased substantially from 2012 to 2014 (revenue increased by approximately 35% and EBITDA increased by over 50% during that period). This increase is largely due to the two major acquisitions that were made by CMG in the Managed Services business:

- i) CMG acquired AHS Services Group Pty Ltd (“AHS Hospitality”) in February 2012; and
- ii) CMG acquired Vivir Healthcare Pty Ltd (“Vivir Healthcare”) in December 2012.

AHS Hospitality provides outsourced services to the hotel and hospitality industry throughout Australia. These services are predominantly in room servicing (housekeeping and minibar) but also include front desk, luggage, maintenance and human resources services in some cases. AHS Hospitality was established in 1993 and serviced approximately 140 hotels throughout Australia when the business was acquired by CMG. The number of service contracts has since been increased to include approximately 170 hotels.

Vivir Healthcare provides allied healthcare services to residents of aged care facilities throughout Australia including physiotherapy, dietetics, podiatry and occupational health and safety services. Vivir Healthcare was established in 1997 and now services approximately 20,000 beds per annum at 280 aged care facilities.

EBITDA from the Managed Services business is expected to continue to increase in 2015 despite the loss of the aviation contract with Qantas at Avalon airport during the year. Although there has been a revenue decline in the current year, the loss of revenue and profit margin from the aviation contract is expected to be more than offset by improved performance from AHS Hospitality, Vivir Healthcare and other managed services. Beyond 2015, increased revenue from these other operations is also expected to make up for the reduction in revenue from the loss of the aviation contract.

The Specialist Products business is principally comprised of:

- i) CMG’s original psychometric testing and employee assessment business and other HR consulting services;
- ii) the Aurion outsourced payroll management services business that was acquired in 2011 as part of the acquisition of Ross Human Directions; and
- iii) the Grafton Consulting Pty Ltd (“Grafton Consulting”) business, acquired⁸ in August 2013, that provides HR consulting services in the New Zealand market.

Consulting revenue (particularly employee assessment and testing revenue) and EBITDA dropped significantly during 2013 and 2014 in line with the reduction in general recruitment and staffing services demand. Revenue from the Aurion payroll services business remained relatively steady but EBITDA fell as profit margins were restricted by planned investment in business development activities designed to achieve longer term benefits from the Aurion business. Improvement in both of these businesses, together with the acquisition of Grafton Consulting, resulted in a significant recovery in revenues, profit margins and EBITDA in 2014 with those improved conditions continuing in 2015.

⁸ CMG acquired an initial 73.67% interest in Grafton Consulting in August 2013 with the remaining shares subject to put and call options exercisable up to August 2016. A further 19.86% interest was acquired in August 2014 upon exercise of some of those options to bring CMG’s current shareholding to 93.53% of Grafton Consulting.

4.4 CMG's Financial Position

The audited balance sheets of CMG as at 30 June 2014 and 30 June 2013, together with an auditor reviewed balance sheet as at 31 December 2014, are summarised below:

CMG – Balance Sheets (\$000s)			
	30 June 2013 (audited)	30 June 2014 (audited)	31 December 2014 (reviewed)
Debtors and prepayments	121,046	125,049	121,432
Fixed assets	13,017	11,072	9,750
Other tangible assets	7,166	10,014	10,186
Goodwill	190,255	193,925	193,925
Other intangible assets	41,712	43,045	41,889
40% interest in Cornerstone Global Partners	-	4,191	4,491
Total assets	373,196	387,296	381,673
Creditors and accruals	97,694	100,091	90,550
Other liabilities (excluding debt)	5,671	8,758	4,341
Total liabilities	103,365	108,849	94,891
Funds employed	269,831	278,447	286,782
Borrowings and lease liabilities	116,627	90,997	105,570
Less: cash and deposits	(3,262)	(2,671)	(5,135)
Net indebtedness	113,365	88,326	100,435
Net assets	156,466	190,121	186,347
Shares on issue	469,679	547,985	547,985
Net assets per share	33¢	35¢	34¢
Gearing ratio (net debt to funds employed)	42%	32%	35%

The recruitment and staffing services industry is not capital intensive. CMG's balance sheet consists primarily of working capital (in the form of amounts receivable from customers and amounts payable to staff) and intangible assets including brand names and goodwill.

CMG's balance sheet has remained largely unchanged over the past two years. The only significant change has been the investment in a 40% interest in Cornerstone Global Partners, a recruitment and staffing services business based in China. Little if any of the cash balance is necessary as working capital for the business.

Net assets per share have remained steady over this period at approximately 35¢ per share but this consists entirely of intangible assets including brand names and goodwill. CMG has a relatively high gearing ratio compared to other companies in the recruitment and staffing services industry (primarily as a result of debt funding of approximately \$60 million for the acquisitions of AHS Services and Vivir Healthcare in 2012 and 2013 and remaining debt funding related to the acquisition of Ross Human Directions in the order of \$40 million in 2010) but the company's debt servicing ratios remain comfortable with an EBIT to net interest expense ratio in the order of 3:1.

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4.5 Capital Structure and Shareholders of CMG

CMG had the following securities on issue as at 5 January 2015:

- i) 532,407,163 fully paid ordinary shares that are listed and trading on the ASX;
- ii) 11,182,008 fully paid ordinary shares held by CMG and notionally allocated to participants in the Senior Executive Share Plan subject to vesting;
- iii) 4,395,915 fully paid ordinary shares held by CMG and reserved for future allocation to participants in the Senior Executive Share Plan; and
- iv) options to acquire 774,171 fully paid ordinary shares.

The total number of fully paid ordinary shares on issue as at the date of this report is 547,985,086 shares.

The major shareholders in CMG as at 5 January 2015 are set out below⁹:

CMG – Major Shareholders		
	Number of Fully Paid Shares	Percentage of Total
Mr J.C. Plummer and associates	73,463,232	13.4%
Lazard Australia and associates	67,753,528	12.4%
Mr V.J. Plummer	57,000,000	10.4%
Challenger Limited	32,091,219	5.9%
NovaPort Capital Pty Limited	30,918,311	5.6%
Mr J.J. Cowin and associates	29,212,929	5.3%
J P Morgan Nominees Australia Limited	23,211,997	4.2%
National Nominees Limited	22,488,089	4.1%
HSBC Custody Nominees (Australia) Limited	20,375,138	3.7%
AET SFS Pty Ltd ¹⁰	16,906,614	3.1%
BNP Paribas Nominees Pty Ltd	11,790,815	2.2%
RBC Investor Services Australia Nominees Pty Limited	9,211,506	1.7%
Citicorp Nominees Pty Limited	6,658,781	1.2%
AMP Life Limited	6,252,388	1.1%
The Trust Company (Australia) Limited	6,003,054	1.1%
Brispot Nominees Pty Ltd	5,490,616	1.0%
Subtotal – major shareholders	418,828,217	76.4%
Other shareholders with less than 1% (approximately 2,900 holders)	129,156,869	23.6%
Grand total	547,985,086	100.0%

Mr J.C. Plummer and Mr J.J. Cowin are directors of CMG as well as being substantial shareholders in the company. Mr M.H. Carnegie, another director of CMG, is a former associate of Lazard Australia but is now independent of that company.

Mr V.J. Plummer is a longstanding shareholder of CMG and its predecessor company, The Ready Group Pty Ltd, and was a director of The Ready Group Pty Ltd until 2002.

The remaining major shareholders, with the exception of shares held by the trustee on behalf of the CMG Senior Executive Share Plan, are either institutional investors or shares held by institutional

⁹ The shareholdings for Challenger Limited and NovaPort Capital Pty Limited are based on their latest substantial shareholding notices dated 22 August 2014 with the shareholdings of the corresponding nominee companies adjusted downwards in this table.

¹⁰ AET SFS Pty Ltd is the entity that holds shares as trustee on behalf of the Senior Executive Share Plan.

investors as nominee for other unspecified beneficial shareholders.

No single shareholder or group of shareholders has a controlling interest in CMG. However, the six largest shareholders account for 53.0% of the shares and the top ten shareholders account for 67.8% of the shares. These are relatively large percentages compared to other listed companies and this results in a relatively illiquid market for trading in CMG shares even though the remaining shares are held by nearly 3,000 small shareholders.

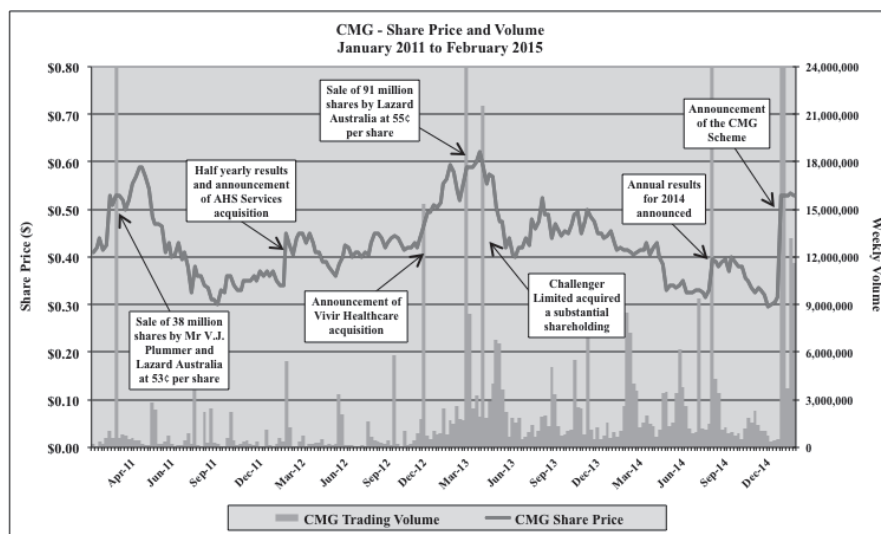
CMG operates a Senior Executive Share Plan pursuant to which the Directors of CMG may allocate fully paid shares to employees, at their discretion, as an incentive plan for meeting certain staff retention and/or performance conditions. These shares vest over periods ranging from three to four years subject to meeting the various staff retention and/or performance conditions. The trustee for the Senior Executive Share Plan currently holds 16,906,614 fully paid shares that are reserved for allocation and vesting under the Senior Executive Share Plan. Of those shares, 11,182,008 shares have been allocated to particular employees but not yet vested, 1,328,691 shares are vested but are yet to be transferred out of the trust by the employee and the remaining 4,395,915 shares are unallocated.

The terms and conditions applicable to the shares subject to the Senior Executive Share Plan have been taken into consideration in the valuation section of this report and in assessing whether the CMG Scheme is fair and reasonable and in the best interests of CMG shareholders.

Outstanding options to acquire 774,171 fully paid ordinary shares are held by a small number of employees of CMG. The terms and conditions for the outstanding options have been taken into consideration in assessing whether the CMG Scheme is fair and reasonable and in the best interests of CMG shareholders.

4.6 Sharemarket Performance of CMG Shares

The CMG share price and volume of trading since January 2011 are set out graphically below:



The CMG share price jumped significantly from 41¢ to 52¢ leading up to and following the release of the 2011 half yearly results in February 2011. Two weeks later, CMG announced that the two largest shareholders, Mr V.J. Plummer and Lazard Australia, had agreed to sell a total of 38 million shares (19 million shares each) for the dual purpose of increasing liquidity in the trading of CMG shares through a broker placement of 20 million of these shares and for the company to purchase 18 million shares to hold in reserve for the Senior Executive Share Plan.

After reaching a high point of 59¢ in April 2011, the CMG share price began a steady decline to reach its low point for the past four years of 28¢ in August 2011. The shares traded in the range 30-36¢ for

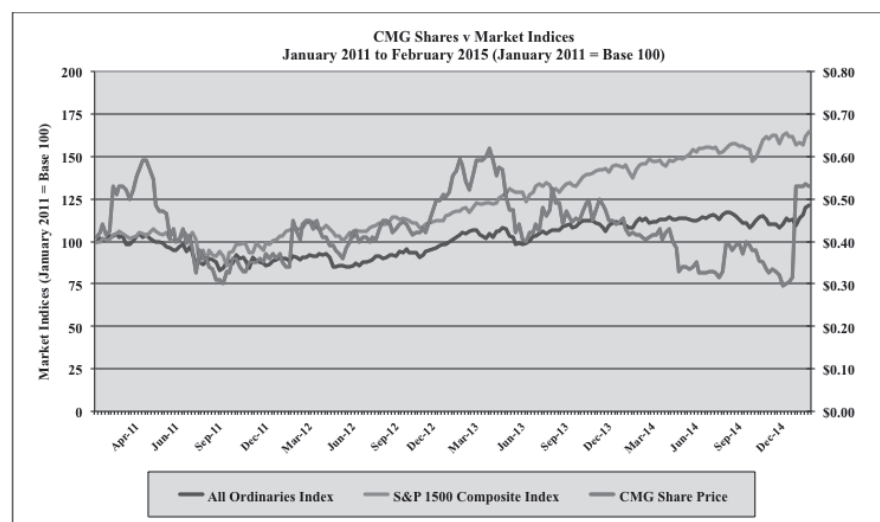
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the next few months before rising sharply to 45¢ at the time of the release of the 2012 half yearly results and the announcement of CMG's acquisition of AHS Services Group Pty Ltd ("AHS Services") in February 2012. The CMG share price then traded in the range 40-45¢ (briefly falling below 40¢) for the next six months before rising fairly rapidly to a high of 60¢ during a period when CMG announced the acquisition of Vivir Healthcare Pty Ltd ("Vivir Healthcare") in December 2012 and released its 2013 half year results in February 2013 that showed the company on its way to a record high EBITDA of \$45 million. Lazard Australia sold a further 91 million shares at 55¢ per share on 15 March 2013 to reduce its shareholding from approximately 34% of CMG to the current shareholding of 12.3% of CMG.

After reaching a high of 65¢ on 2 April 2013, the CMG share price dropped fairly rapidly back to 40¢ by June 2013. The CMG share price traded broadly in the range 40-50¢ for the next year to June 2014. This corresponded with the decline in the company's operating results with revenue falling by approximately 5% from 2013 to 2014 and EBITDA declining by just over 10% from \$45 million in 2013 to \$40 million in 2014. The share price declined again during June 2014 and has traded generally in the range 30-40¢ since that time.

CMG announced on 14 January 2015 that it had entered into a scheme implementation deed with Recruit Holdings pursuant to which Recruit Holdings, through a wholly-owned subsidiary, would acquire 100% of the shares in CMG at a price of 53¢ per share. The CMG share price jumped sharply from 29¢ to close at 53¢ on the first trading day following the announcement and has remained at or close to that level during the subsequent period of trading.

Movement in the CMG share price compares to market indices as shown below:



The CMG share price outperformed the market for a brief period from the time of the release of the 2011 half yearly results in February 2011 before falling back in line with the market by June 2011 and trading broadly in line with the market until late 2012. The CMG share price again outperformed the market for a brief period from the time of the announcement of the Vivir Healthcare acquisition and the release of the 2013 half yearly results before again falling back in line with the market by June 2013. From that point forward, the CMG share price has underperformed the market with business conditions for CMG proving to be relatively weak.

5 Valuation of CMG

5.1 Valuation Summary

Sumner Hall has valued CMG in the range 46-53¢ per share as summarised below:

CMG– Valuation Summary (\$ millions)		
	Valuation Range (A\$ millions)	
	Low	High
Staffing Services business	220.0	240.0
Managed Services business	100.0	110.0
Specialist Products business	38.0	42.0
Combined value of recruitment and staffing businesses	358.0	392.0
40% interest in Cornerstone Global Partners	6.0	7.0
Total value of CMG's business assets	364.0	399.0
Bank borrowings and lease liabilities	105.5	105.5
Provision for dividend payment	9.3	9.3
Contingent payment for investment in Cornerstone Global Partners	0.9	0.9
Contingent liability to acquire remainder of Grafton Consulting	0.4	0.4
Surplus cash	(5.1)	(5.1)
Net indebtedness	111.0	111.0
Net value of CMG	253.0	288.0
Shares on issue ¹¹ (millions)	547.985	547.985
Net value per share	46¢	53¢

CMG has been valued by aggregating the estimated fair market value of each of CMG's three main recruitment and staffing services and other HR consulting services businesses together with other assets and deducting net debt.

This value is appropriate for the acquisition of CMG as a whole and, accordingly, incorporates a premium for control. A value determined on this basis would usually exceed the price at which shares will trade on a stock exchange in the absence of a takeover offer or other proposal involving a change in control and assuming that the market is fully informed. Sharemarket trading typically represents transactions in small parcels of shares ("portfolio interests"). Portfolio interests are normally priced at a discount to underlying value to reflect, inter alia, the lack of corporate control and the lack of direct access to cash flows and taxable income.

5.2 Valuation Methodology

The value of each of the principal businesses of CMG has been estimated on the basis of fair market value as a going concern, defined as the price that would be realised in an open market over a reasonable period of time assuming that potential buyers have full information. Other assets have been valued on the basis of estimated net realisable value.

There are four primary methodologies commonly used for valuing businesses and assets:

- i) discounting of projected cash flows;
- ii) capitalisation of earnings;
- iii) industry rules of thumb; and
- iv) estimation of the aggregate proceeds from an orderly realisation of assets.

Each of these valuation methodologies has application in different circumstances. The primary factors to be considered in determining which methodology is appropriate are the nature and level of information available and the usual practice adopted by purchasers and valuers of the type of businesses and assets involved.

¹¹ This figure includes shares that have been set aside for allotment under the terms of the Senior Executive Share Plan.

Sumner Hall's primary approach to estimating the value of the three main recruitment and staffing services and other HR services businesses of CMG has been the capitalisation of earnings valuation methodology. This methodology is the most commonly used method for the valuation of non-mining companies. This methodology is most appropriate for businesses with a reasonably long operating history and an earnings trend that is sufficiently stable to be indicative of ongoing earnings potential. This methodology involves capitalising the earnings or cash flows of a business at a multiple that reflects the risks of the business and the income stream that it generates. These multiples can be applied to a variety of earnings or cash flow measures including EBITDA, EBITA, EBIT or net profit after tax. Price earnings multiples are commonly used in the context of assessing the prices at which portfolio interests in shares trade but not for the value of companies as a whole. EBITDA, EBITA and EBIT multiples are more commonly used in valuing companies and businesses for acquisition purposes where corporate strategy, management and gearing will be in the control of the purchaser.

In particular, Sumner Hall has adopted the use of EBITDA multiples as the primary valuation methodology for CMG. The use of EBITDA multiples is the most common practice adopted by purchasers, analysts and valuers in the recruitment and staffing services industry. This reflects the nature of the industry. The recruitment and staffing services industry typically involves mature markets, competitors with established market positions and low capital intensity. Most of the assets deployed in the industry are people, intangible assets (including goodwill and brand names) and working capital. Some companies have relatively large amounts of intangible assets and the accounting treatment of those assets can vary considerably between companies and markets. This renders the use of EBIT multiples, and sometimes even EBITA multiples depending on the treatment of items such as computer software, less transparent and reliable than the use of EBITDA multiples.

The discounted cash flow approach has been used as a secondary check on the valuation result. However, CMG has provided limited management information regarding earnings and cash flows beyond the period 2015 to 2017. A discounted cash flow valuation is heavily dependent on reliable projections of future cash flows over a long time horizon and that type of information is not typically available for companies operating in an industry like the recruitment and staffing services industry. As a result, the use of a discounted cash flow model can be little more than a modified capitalised earnings valuation and should be viewed in that context.

5.3 Valuation of the Staffing Services Business

Sumner Hall has valued the Staffing Services business in the range \$220.0-240.0 million.

The Staffing Services business has been valued on the basis of a multiple of EBITDA. This valuation methodology involves:

- i) estimation of the earnings or cash flow levels (in this case, EBITDA) that a purchaser would utilise for valuation purposes having regard to historical and forecast operating results, non-recurring items of income and expenditure and known factors likely to impact on operating performance; and
- ii) selection of an appropriate capitalisation multiple having regard to the market rating of comparable businesses, the extent and nature of competition, the quality of earnings, growth prospects and relative business risk.

Estimated 2015 operating results have been utilised as the primary source of earnings for valuation purposes. Sumner Hall considers these operating results to be a reasonable representation of sustainable levels of sales revenue and gross margins (with growth opportunities and other risk factors reflected in the choice of capitalisation multiple). Consideration has also been given to historical operating results and the longer term outlook in determining the overall valuation range.

Historical operating results for the Staffing Services business¹² are summarised below:

Staffing Services – Historical Operating Results and EBITDA (\$000s)			
	Year ended 30 June		
	2012 (actual)	2013 (actual)	2014 (actual)
Total revenue	1,335,102	1,234,809	1,141,281
Contractor, employee and operating costs	1,276,996	1,178,682	1,094,785
EBITDA before corporate overheads	58,106	56,127	46,496
- EBITDA percentage	4.4%	4.6%	4.1%
Allocation of corporate overheads ¹³	26,941	24,149	21,190
EBITDA after corporate overheads	31,165	31,978	25,306

The Staffing Services business operates in a mature industry where CMG and most of its competitors have relatively established market positions. Accordingly, movements in revenue are closely associated with movements in general economic conditions in Australia and changes in those conditions in the principal markets (ie, mining, government, consumer goods, manufacturing, construction and financial services) in which CMG operates. Economic conditions deteriorated from 2012 to 2014 but have stabilised and are expected to remain relatively flat in the short to medium term. EBITDA (before corporate overheads) declined significantly during 2014, before stabilising in the current year, as a result of weaker demand and downward pressure on margins. CMG was able to mitigate this impact through a reduction in corporate overhead costs but EBITDA after corporate overheads still declined fairly substantially during 2014 before stabilising in 2015.

The valuation range that has been adopted for CMG's Staffing Services business represents a multiple of approximately 8.5-9.5 times estimated 2015 EBITDA (including earnings for the international recruitment and staffing services operations). These multiples compare to the multiples at which selected recruitment and staffing services businesses have been acquired in recent years¹⁴ as summarised below:

Selected Recruitment and Staffing Services Transaction Multiples					
Target	Acquirer	EBITDA		EBITA	
		Historical	Current	Historical	Current
Seaton	TrueBlue	9.4	7.8	nc	nc
Talent2	Allegis Group	5.0	6.1	6.1	7.7
Staffmark	Recruit Holdings	7.8	8.2	9.8	10.5
SFN Group	Randstad	11.3	9.7	16.1	13.3
Ross Human Directions	Chandler Macleod	5.0	4.6	5.8	5.2
COMSYS IT Partners	Manpower	15.5	15.1	19.0	18.4
MPS Group	Adecco	8.3	8.6	8.6	8.9
Spring Group	Adecco	7.1	nc	8.0	nc
Average		8.7	8.6	10.5	10.7
Median		8.3	8.4	8.6	8.9
Average excluding Talent2, Ross Human Directions and COMSYS IT Partners		8.8	8.6	10.6	10.9

¹² The Staffing Services business, for valuation purposes, includes both the Australian Staffing Services business as reported by CMG and the International business as reported by CMG except for the Grafton Consulting business. Sumner Hall has included the Grafton Consulting business in the valuation of Specialist Products.

¹³ Sumner Hall has allocated corporate overheads between the Staffing Services, Managed Services and Specialist Products businesses on a pro rata basis to EBITDA before corporate overheads for valuation purposes.

¹⁴ This table does not include the unsolicited merger proposal involving Skilled Group Limited that was announced by Programmed Maintenance Services Limited on 29 December 2014. That proposal was rejected on 22 January 2015 and does not necessarily represent the value at which a controlling interest in Skilled Group Limited could be acquired.

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A more detailed analysis of these transaction multiples is set out in Annexure A to this report.

These transactions ranged in size from US\$1.1 billion (approximately A\$1.2 billion) for the acquisition of MPS Group by Adecco in October 2009 to \$65 million for the acquisition of Ross Human Directions by CMG that was announced in November 2010 and completed in early 2011. The average transaction size was approximately \$420 million and the median transaction size was approximately \$350 million. These measures are both similar in size to the transaction value for the CMG Scheme and provide a good comparison on that basis.

There was, however, a wide range of multiples paid. The projected EBITDA multiples ranged from a low of 4.6 times in the acquisition of Ross Human Directions by CMG in 2011 to a high of 15.1 times in the acquisition of COMSYS IT Partners by Manpower in 2010.

In addition to the average and median multiples for this group of transactions as a whole, Sumner Hall has considered these transactions in terms of the comparability of specific attributes for the individual companies that were acquired. Although all of these companies were involved in similar business activities to those of CMG, the implied multiples for Talent2 International, Ross Human Directions and COMSYS IT Partners vary significantly from the average and median multiples. This can possibly be explained by:

- i) Talent2 International and Ross Human Directions were relatively small companies that operated in a number of sectors (recruitment, staff despatch, business process outsourcing) without having a particularly significant market position in any of them. By contrast, CMG's Staffing Services division is one of the largest participants in the Australian market (albeit within a highly fragmented market); and
- ii) COMSYS IT Partners specialised in recruitment and staffing services for the information technology industry and had a significant presence in that market sector. COMSYS IT Partners also offered enterprise resource application solutions to the information technology market in the United States. The apparently high multiple of 15.1 times current year EBITDA was based on EBITDA of US\$27 million for the year of acquisition which was down significantly from US\$50 million two years earlier. In addition, the acquisition documents referred to expected synergies of US\$20 million per annum that would have increased current year EBITDA to US\$47 million and, in turn, reduced the acquisition multiple from 15.1 to 9.2 times current year EBITDA.

Despite being possible outliers, omitting these transactions does not have a significant impact on the results. Recalculating the figures without these transactions leaves the average multiple unchanged at 8.6 times projected EBITDA.

The recent proposed acquisition of 100% of Skilled Group by Programmed Maintenance Services, described as a proposed "*merger of equals*", attributes a value of approximately \$525 million to Skilled Group. The proposal represents a multiple of 4.8 times 2015 projected EBITDA and 5.4 times 2015 projected EBITA. The Directors of Skilled Group initially described the proposal as "opportunistic" and stated that the proposal was based on a Skilled Group share price that did not reflect medium and longer term average prices. The Directors of Skilled Group announced on 22 January 2015 that the company had rejected the proposal for a number of reasons including that the proposal undervalued the shares in Skilled Group and the company's contribution to the proposed merger. This proposed transaction has not been included in the calculations shown above because the proposed terms have not been agreed between the parties and they do not necessarily represent the value at which a controlling interest in Skilled Group could be acquired.

Recruit Holdings announced the acquisition of 100% of Peoplebank Holdings Pty Ltd ("Peoplebank") on the same day that the CMG Scheme was announced. Peoplebank is a privately held Australian recruitment company that focuses on the IT sector. Recruit Holdings stated that Peoplebank had revenue of \$522 million and EBITDA of \$14.2 million for the year ended 30 June 2014. The announced acquisition price for 100% of the shares in Peoplebank was \$68.6 million. However, this does not include any debt that Recruit Holdings might have assumed as part of the acquisition and, accordingly, the total value of the acquisition is not publicly available and acquisition multiples cannot be calculated.

The two single best comparisons to CMG's Staffing Services business may be the acquisition of Seaton by TrueBlue for US\$290 million (A\$312 million) in June 2014 and the acquisition of Staffmark Holdings by Recruit Holdings for US\$281 million (A\$288 million) in October 2011. Both of these companies had substantial operations in the recruitment and staffing services industry and were of a similar size to CMG's Staffing Services business. Both companies were acquired by larger recruitment and staffing services companies that obtained geographic diversification through the acquisitions. The average multiple paid in these two transactions was 8.0 times projected EBITDA.

The multiples in the range 8.5-9.5 times projected 2015 EBITDA that have been selected for the valuation of CMG's Staffing Services are consistent with the overall multiples from this group of comparable transactions (albeit slightly higher on average) and with the most comparable individual transactions.

Sumner Hall's selection of these valuation multiples has also been influenced by an analysis of the multiples at which selected listed recruitment and staffing services companies trade on the sharemarket. Sumner Hall has assessed these trading multiples in two categories:

- i) trading multiples for the three major global recruitment and staffing services companies (Adecco, Randstad and Manpower) ("the big three") and two other companies with multi-billion dollar market capitalisations that operate in recruitment and staffing services as well as other related HR services business sectors; and
- ii) trading multiples for second tier companies (relative to the big three) that operate in the recruitment and staffing services industry as well as other related HR services business sectors.

A detailed analysis of these listed recruitment and staffing services company multiples is set out in Annexure B to this report.

The trading multiples for the first category of companies are summarised below:

The Big Three and Other Major HR Services Company Multiples						
	EBITDA			EBITA		
	Historical	Current	Forecast	Historical	Current	Forecast
Adecco	12.7	11.3	9.7	14.2	12.4	10.6
Randstad	13.5	10.4	9.2	15.3	11.5	10.0
Manpower	7.1	6.0	5.8	8.2	6.9	6.7
Recruit Holdings	10.5	8.8	8.0	16.1	12.2	10.6
ADP, Inc. ("ADP")	16.1	17.3	15.2	17.9	19.4	16.8
Average	12.0	10.8	9.6	14.3	12.5	11.0
Average excluding Recruit Holdings and ADP	11.1	9.2	8.2	12.6	10.2	9.1

These companies have an average market capitalisation of approximately A\$20 billion ranging from Manpower with a market capitalisation of approximately A\$6 billion to ADP with a market capitalisation of more than A\$45 billion. Adecco, Randstad and Manpower are the three largest global recruitment and staffing services companies and each of them have a significant position in the Australian market.

ADP is a major participant in the HR services market but is primarily focused on payroll services and other business process outsourcing rather than recruitment and staffing services. For that reason, and because the multiples for ADP appear to be outliers, ADP has been excluded from further analysis. Recruit Holdings has also been excluded from this analysis on the basis that the company has a number of significant businesses outside of recruitment and staffing services (including advertising, marketing and promotional activities) that are not directly comparable with CMG's Staffing Services business.

The average multiple for the big three is 9.2 times current year EBITDA and 8.2 times forecast EBITDA. All three companies have a 31 December balance date whereas CMG has a 30 June balance date. Accordingly, the appropriate comparison between the figures for these companies and the projected earnings multiples for CMG is some combination of the "current" year and the "forecast" year for these comparable companies.

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The valuation multiples applied to CMG's Staffing Services business in the range 8.5-9.5 times projected EBITDA are consistent with these multiples after allowing for the different balance dates and other factors. The big three could be expected to attract a higher multiple than CMG due to their size and scale. Conversely, these are trading multiples and they do not include a premium for control whereas the multiples selected for valuation purposes are intended to reflect the acquisition of a controlling interest.

The trading multiples for the second category of companies are summarised below:

Other Selected Listed Recruitment and Staffing Services Company Multiples ¹⁵						
	EBITDA			EBITA		
	Historical	Current	Forecast	Historical	Current	Forecast
Hays plc	13.5	11.6	9.8	14.4	12.2	10.2
Kelly Services, Inc.	7.7	10.8	5.9	10.4	16.6	7.3
On Assignment, Inc.	12.0	10.2	9.4	14.1	11.7	10.6
Robert Half International, Inc.	16.7	13.7	11.8	18.6	15.0	12.8
USG People NV	10.7	8.2	6.4	14.1	10.1	7.5
TrueBlue, Inc.	11.5	8.6	6.8	14.0	10.0	7.6
Kforce, Inc.	12.5	10.2	8.8	14.0	11.2	9.5
CDI Corporation	7.8	7.3	6.9	10.2	9.4	8.7
Skilled Group Limited ¹⁶	4.8	4.4	4.1	5.2	4.9	4.7
Programmed Maintenance Services Limited ¹⁷	5.2	5.1	4.6	5.9	5.9	5.5
Harvey Nash Group plc	5.3	4.9	4.4	6.3	5.8	5.1
Michael Page International plc	16.1	14.1	11.3	18.4	15.8	12.3
Korn/Ferry International, Inc.	9.1	7.5	6.6	9.6	7.9	6.8
Synergie, S.A.	6.8	5.3	4.8	7.4	5.7	5.1
Insperity, Inc.	8.5	9.5	8.5	11.1	12.9	11.1
Average	9.9	8.8	7.3	11.6	10.3	8.3
Median	9.1	8.6	6.8	11.1	10.1	7.6
Average of "staff despatch" companies only	10.8	9.4	7.8	12.8	11.2	8.8
Average of "staff despatch" companies excluding On Assignment and Robert Half International	9.8	8.7	7.0	11.8	10.6	7.9
Median of "staff despatch" companies only	11.5	10.2	6.9	14.0	11.2	8.7

These companies have an average market capitalisation of approximately A\$1.5 billion ranging from Harvey Nash Group plc with a market capitalisation of approximately A\$100 million to Robert Half International, Inc. with a market capitalisation of approximately A\$9 billion. The median market capitalisation is approximately A\$800 million.

This group includes Skilled Group Limited ("Skilled Group") and Hays plc ("Hays") who are CMG's two other main competitors (in addition to the big three of Adecco, Randstad and Manpower) in the Australian market. The average projected EBITDA multiples for these five competitors combined¹⁸ are 8.7 times current year EBITDA and 7.7 times forecast EBITDA.

In comparing these multiples, it should be noted that the trading multiples for these listed companies do

15 Two listed companies that operate in the Australian market, Clarius Group Limited and Hudson Global, Inc. have been excluded from this summary because both companies operated at a loss in the previous two years and the calculation of earnings based multiples is therefore not meaningful. These two companies are, however, included in the detailed analysis that is set out in Annexure B to this report.

16 These multiples are calculated based on the Skilled Group Limited share price prior to the announcement of a proposed merger with Programmed Maintenance Services Group Limited on 29 December 2014.

17 These multiples are calculated based on the Programmed Maintenance Services Group Limited share price prior to the announcement that the company had proposed a "merger of equals" with Skilled Group Limited on 29 December 2014.

18 This calculation is not shown in this table. This calculation is a combination of the relevant figures from this table and from the previous table that shows this information for the big three.

not include a premium for control (except to the extent that takeover speculation might be incorporated into any of the share prices). Most, but not all, of these companies also have a 31 December balance date whereas CMG has a 30 June balance date. Accordingly, the appropriate comparison between the figures for these companies and the projected earnings multiples for CMG is some combination of the “current” year and the “forecast” year multiples.

The average multiple for this entire group is 8.8 times current year EBITDA and 7.3 times forecast EBITDA. Although all of these companies operate generally in the recruitment and staffing services industry, the comparability to CMG’s Staffing Services business can be narrowed by:

- i) removing companies that are not primarily involved in staff despatch type activities (this would eliminate Programmed Maintenance Services Limited, Harvey Nash Group plc, Michael Page International, Inc., Korn/Ferry International, Inc., Synergie S.A. and Insperty, Inc.) but are instead primarily recruitment/placement type businesses (all but Programmed Maintenance Services Limited and Insperty, Inc.), companies that have a significant portion of their business in building maintenance rather than staffing services (Programmed Maintenance Services Limited) and companies that are primarily involved in payroll services and other business process outsourcing rather than staffing services (Insperty, Inc.); and
- ii) removing companies that operate in a market segment that enables them to generate significant higher profit margins (including On Assignment, Inc. and Robert Half International, Inc.¹⁹ that have profit margins in the order of 9-10% of revenue compared with the other staffing services businesses which have profit margins in the order of 3-5% of revenue).

The average multiples that result from these two areas of refinement to the data, respectively, are:

- i) 9.4 times current year EBITDA and 7.8 times forecast EBITDA; and
- ii) 8.7 times current year EBITDA and 7.0 times forecast EBITDA.

The first set of figures is noticeably higher than the overall average because several of the recruitment/placement type businesses (Harvey Nash Group plc and Synergie S.A.) and the building maintenance business (Programmed Maintenance Services Limited) that have been removed were trading on particularly low multiples. The second set of figures is similar to the overall average because the removal of the companies mentioned in the previous sentence that were trading on low multiples was offset by the removal of On Assignment, Inc. and Robert Half International, Inc. that were trading on relatively high multiples (possibly attributable to the nature of those businesses as higher profit margin businesses).

Ultimately, however, the range of multiples remains similar to the original result. The overall average multiple was 8.8 times current EBITDA and 7.3 times forecast EBITDA. The refined average is 8.7 times current EBITDA and 7.0 times forecast EBITDA. A multiple in the range 8.5-9.5 times current EBITDA has been selected to value CMG’s Staffing Services business. This could be viewed as conservative given that the comparable averages are slightly higher and that the comparable averages are based on trading prices that do not include a premium for control. Any such view should, however, be balanced against the fact that most of these other companies are operating outside of Australia whereas CMG’s Staffing Services business operates principally within Australia. Further, the other Australian staffing services company that is included in this group (Skilled Group), was trading on a particularly low multiple of 4.4 times current EBITDA and 4.1 times forecast EBITDA. This reflects a sharp decline in the Skilled Group share price over the past several months (prior to the recent announcement of an unsolicited merger proposal from Programmed Maintenance Services Limited) that may be attributable to Skilled Group having a relatively large exposure to the Australian mining sector. On balance, the multiples that have been selected for the valuation of CMG’s Staffing Services are consistent with the overall multiples from this group of comparable listed companies.

¹⁹ Robert Half International, Inc. (“Robert Half”) operates a recruitment and staffing services business that is comparable to CMG’s Staffing Services business. However, Robert Half also generates a significant portion of its revenues from a management consulting business called Protiviti that was formed when Robert Half employed approximately 800 former partners and staff from the Arthur Andersen management consulting business. This business mix results in profit margins in the order of 9-10% and, to that extent, the business is not comparable to CMG’s Staffing Services business.

5.4 Valuation of the Managed Services Business

Sumner Hall has valued the Managed Services business in the range \$100.0-110.0 million.

The Managed Services business has been valued on the basis of a multiple of EBITDA. This valuation methodology involves:

- i) estimation of the earnings or cash flow levels (in this case, EBITDA) that a purchaser would utilise for valuation purposes having regard to historical and forecast operating results, non-recurring items of income and expenditure and known factors likely to impact on operating performance; and
- ii) selection of an appropriate capitalisation multiple having regard to the market rating of comparable businesses, the extent and nature of competition, the quality of earnings, growth prospects and relative business risk.

Estimated 2015 operating results have been utilised as the primary source of earnings for valuation purposes. Sumner Hall considers these operating results to be a reasonable representation of sustainable levels of sales revenue and gross margins (with growth opportunities and other risk factors reflected in the choice of capitalisation multiple). Consideration has also been given to historical operating results and the longer term outlook in determining the overall valuation range.

Historical operating results for the Managed Services business are summarised below:

Managed Services – Historical Operating Results and EBITDA (\$000s)			
	Year ended 30 June		
	2012 (actual)	2013 (actual)	2014 (actual)
Total revenue	172,745	231,684	233,582
Contractor, employee and operating costs	160,934	214,553	214,715
EBITDA before corporate overheads	11,811	17,131	18,867
- EBITDA percentage	6.8%	7.4%	8.1%
Allocation of corporate overheads ²⁰	5,476	7,370	8,598
EBITDA after corporate overheads	6,335	9,761	10,269

The Managed Services business consists of several distinct businesses with differing outlooks for growth, rate of profitability and risk characteristics:

- i) the AHS Hospitality business;
- ii) the Vivir Healthcare business;
- iii) the Qantas aviation contract at Avalon airport; and
- iv) other managed services.

The loss of the Qantas aviation contract early in the current financial year has masked an otherwise strong underlying revenue growth trend. Excluding that contract, revenue growth for the current year is estimated at 10% rather than the apparent decline. This growth in revenue has been driven by the acquisitions of the AHS Hospitality and Vivir Healthcare businesses. These managed services also generate significantly higher margins than CMG's Staffing Services business. After allocation of corporate overheads, EBITDA from the Managed Services business has increased from \$6.3 million in 2012 to \$10.2 million in 2014 and is expected to continue to improve for 2015.

The valuation range that has been adopted for CMG's Managed Services business represents a multiple of approximately 9.0-10.0 times estimated 2015 EBITDA. These multiples are higher than the range of 8.5-9.5 times estimated 2015 EBITDA that was selected for CMG's Staffing Services business. The selection is broadly based on the same comparable companies. However, the Managed Services business operates in a higher growth and higher margin sector of the market and higher multiples are appropriate.

20 Sumner Hall has allocated corporate overheads between the Staffing Services, Managed Services and Specialist Products businesses on a pro rata basis to EBITDA before corporate overheads for valuation purposes.

5.5 Valuation of the Specialist Products Business

Sumner Hall has valued the Specialist Products business in the range \$38.0-42.0 million.

The Specialist Products business has been valued on the basis of a multiple of EBITDA. This valuation methodology involves:

- i) estimation of the earnings or cash flow levels (in this case, EBITDA) that a purchaser would utilise for valuation purposes having regard to historical and forecast operating results, non-recurring items of income and expenditure and known factors likely to impact on operating performance; and
- ii) selection of an appropriate capitalisation multiple having regard to the market rating of comparable businesses, the extent and nature of competition, the quality of earnings, growth prospects and relative business risk.

Estimated 2015 operating results have been utilised as the primary source of earnings for valuation purposes. Sumner Hall considers these operating results to be a reasonable representation of sustainable levels of sales revenue and gross margins (with growth opportunities and other risk factors reflected in the choice of capitalisation multiple). Consideration has also been given to historical operating results and the longer term outlook in determining the overall valuation range.

Historical operating results for the Specialist Products business are summarised below:

Specialist Products – Historical Operating Results and EBITDA (\$000s)			
	Year ended 30 June		
	2012 (actual)	2013 (actual)	2014 (actual)
Total revenue	41,093	37,416	38,334
Contractor, employee and operating costs	32,413	31,248	30,721
EBITDA before corporate overheads	8,680	6,168	7,613
- EBITDA percentage	21.1%	16.5%	19.7%
Allocation of corporate overheads ²¹	4,024	2,654	3,469
EBITDA after corporate overheads	4,656	3,514	4,144

The Specialist Products business consists of several distinct businesses:

- i) the Aurion payroll services business;
- ii) the Grafton Consulting business in New Zealand;
- iii) CMG's original psychometric testing and assessment business; and
- iv) other HR consulting services.

The Aurion payroll services business was acquired as part of the acquisition of Ross Human Directions in early 2011. This business comprises approximately 50% of the overall Specialist Products business²². The downturn in profitability for the Specialist Products business in 2013 was in part due to lower demand for HR consulting services across the board but was primarily due to additional investment by CMG in business development for the Aurion payroll services business that is expected to lead to significantly increased revenues over the medium term. Profit margins returned much closer to historical levels in 2014 and are expected to be maintained at those levels for 2015.

The Grafton Consulting business, and CMG's other HR consulting services including the original psychometric testing and assessment business, have largely followed the same pattern as CMG's recruitment and staffing services businesses with weakened general economic conditions leading to

21 Sumner Hall has allocated corporate overheads between the Staffing Services, Managed Services and Specialist Products businesses on a pro rata basis to EBITDA before corporate overheads for valuation purposes.

22 The Aurion payroll services business makes up more than 50% of the Specialist Products business as reported by CMG but Sumner Hall has also included the Grafton Consulting business within this division for valuation purposes.

lower demand and lower profits for these businesses from 2012 to 2014 with a stabilisation in results for the current year.

The valuation range that has been adopted for CMG's Specialist Products business represents a multiple of approximately 9.0-10.0 times estimated 2015 EBITDA. These multiples are higher than the range of 8.5-9.5 times estimated 2015 EBITDA that was selected for CMG's Staffing Services business. The selection is broadly based on the same comparable companies. However, the Specialist Products business operates in a higher growth and higher margin sector of the market and higher multiples are appropriate. Two of the companies included in Sumner Hall's overall analysis of comparable companies, ADP and Insperity, Inc. ("Insperity"), have a significant portion of their operations in payroll services and, to that extent, are more comparable to the Specialist Products business than some of the other companies. The trading multiples for ADP and Insperity are, however, divergent with ADP trading on a multiple of 15.5 times forecast EBITDA and Insperity trading on a multiple of 7.6 times forecast EBITDA. On average, this is a multiple of 11.5 times forecast EBITDA but an average of figures like this is not particularly meaningful. On balance, Sumner Hall regards it as appropriate to adopt an EBITDA multiple for the Specialist Products business that is higher than for the Staffing Services business but not as high as the trading multiple for a company like ADP might suggest.

5.6 Implied Overall Valuation Multiples

The overall enterprise value that has been attributed to CMG's three main business operations is in the range \$358-392 million. After allowing for the estimated realisable value of other assets and net indebtedness, the net value of the equity in CMG has been valued in the range \$253-288 million. These values imply the following overall valuation multiples:

CMG – Implied Valuation Multiples		
	Valuation Range	
	Low	High
Multiple of EBITDA		
- year ended 30 June 2014	9.0	9.9
- year ending 30 June 2015	8.8	9.7
Multiple of EBITA		
- year ended 30 June 2014	10.2	11.2
- year ending 30 June 2015	10.0	11.0
Price earnings multiple		
- year ended 30 June 2014	16.2	18.5
- year ending 30 June 2015	18.1	20.6

The enterprise value of CMG represents a multiple in the range 8.8-9.7 times estimated EBITDA for the year ending 30 June 2015 and in the range 10.0-11.0 times estimated EBITA for the year ending 30 June 2015. The value of the net equity of CMG represents a multiple in the range 18.1-20.6 times estimated net profit after tax for the year ending 30 June 2015. This compares to a selection²³ of the companies that were discussed in the individual valuation sections of this report as summarised below:

²³ Sumner Hall has made this selection based on the listed companies that are most comparable to CMG on an overall basis and for which the trading multiples are not considered outliers.

Listed Recruitment and Staffing Services Company Multiples						
	EBITDA		EBITA		Price Earnings	
	Current	Forecast	Current	Forecast	Current	Forecast
Adecco	11.3	9.7	12.4	10.6	16.8	14.4
Randstad	10.4	9.2	11.5	10.0	21.6	17.5
Manpower	6.0	5.8	6.9	6.7	12.1	11.5
Hays	11.6	9.8	12.2	10.2	20.3	16.6
Kelly Services	10.8	5.9	16.6	7.3	27.3	11.4
USG People	8.2	6.4	10.1	7.5	16.8	11.2
TrueBlue	8.6	6.8	10.0	7.6	14.5	11.0
Skilled Group	4.4	4.1	4.9	7.1	5.1	8.9
Insperity	9.5	8.5	12.9	11.1	27.4	23.3
Average of selected companies	9.0	7.4	10.8	8.7	18.0	14.0
Assessed value of CMG						
- low end of range	8.8	na	10.0	na	18.1	na
- high end of range	9.7	na	11.0	na	20.6	na

The assessed value of CMG is consistent with the average EBITDA and EBITA multiples for these companies although these are trading multiples that do not necessarily include any element of a premium for control. To that extent, it could be expected that the multiples implied by the assessed value of CMG might be higher than these averages. However, particularly with respect to the large global recruitment and staffing services companies, the market may be attributing a premium in the trading prices for those companies based on size, scale and diversification relative to CMG that may offset any premium for control factors.

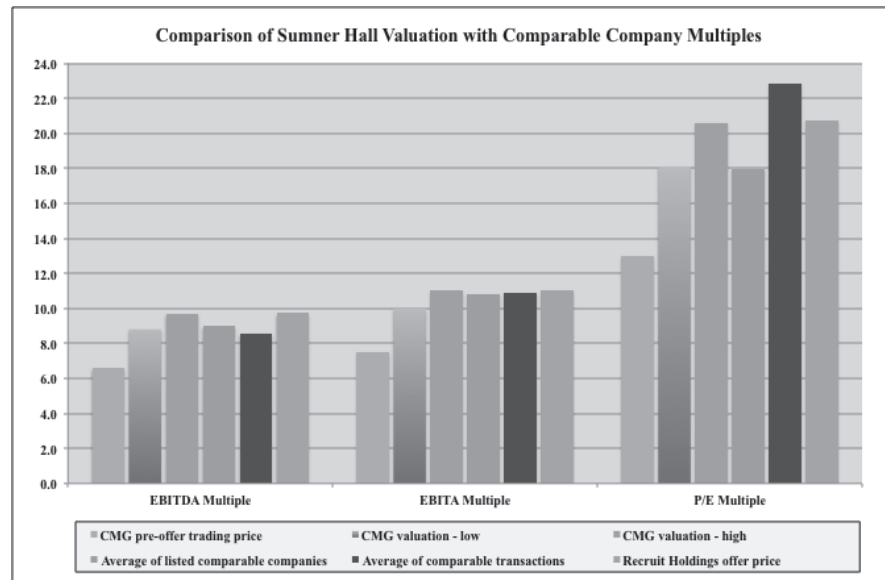
The assessed value of CMG compares to a selection of the multiples observed in transactions involving recruitment and staffing services companies as summarised below:

Multiples for Acquisitions of Recruitment and Staffing Services Companies							
Target	Acquiror	EBITDA		EBITA		Price Earnings	
		Historical	Current	Historical	Current	Historical	Current
Seaton	TrueBlue	9.4	7.8	nc	nc	nc	nc
Staffmark	Recruit Holdings	7.8	8.2	9.8	10.5	nc	nc
SFN Group	Randstad	11.3	9.7	16.1	13.3	38.1	28.8
MPS Group	Adecco	8.3	8.6	8.6	8.9	9.0	16.9
Spring Group	Adecco	7.1	nc	8.0	nc	24.3	nc
Average of selected transactions		8.8	8.6	10.6	10.9	23.8	22.8
Assessed value of CMG							
- low end of range		9.0	8.8	10.2	10.0	16.2	18.1
- high end of range		9.9	9.7	11.2	11.0	18.5	20.6

These transaction multiples, by contrast with the trading multiples set out in the previous table, will include a premium for control. The assessed value of CMG is consistent with the average EBITDA and EBITA multiples that were paid in these transactions. The price earnings multiples implied by these transactions are not considered to be particularly meaningful because of the significant differences that can exist between otherwise comparable companies in terms of gearing ratios, tax rates and other factors that can significantly influence the calculation of price earnings multiples without affecting underlying earnings and cash flows in the context of the acquisition of control.

The multiples for listed recruitment and staffing services companies and transactions involving the acquisition of recruitment and staffing services companies are summarised below by comparison to Sumner Hall's valuation of CMG and the price offered in the CMG Scheme:

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Sumner Hall's valuation of CMG is towards the high end of the range of EBITDA multiples observed in transactions involving the acquisition of comparable companies and spans the range of EBITDA trading multiples for comparable listed companies. Based on EBITA multiples, Sumner Hall's valuation is towards the low end of the range of multiples observed for comparable companies. However, it should be noted that the accounting treatment of intangible assets and the amortisation of those assets varies between companies and markets and that this can have a significant impact on the observed multiples. This type of comparison becomes even more problematic with price earnings multiples because they are also affected by different gearing levels and tax rates. Nonetheless, Sumner Hall's valuation of CMG is within the range of price earnings multiples for comparable companies. Overall, the valuation multiples that have been adopted for CMG are consistent with other transactions involving recruitment and staffing services companies and the trading multiples for listed recruitment and staffing services companies (after allowing for a premium for control).

5.7 Discounted Cash Flow Valuation

Regulatory Guide 111 states that an expert should, where possible, use more than one valuation methodology. Regulatory Guide 111 refers to a number of valuation methodologies that ASIC considers it generally appropriate for an expert to consider:

- i) the discounted cash flow valuation methodology together with the estimated realisable value of any surplus assets;
- ii) the application of earnings multiples appropriate to the business or industry in which the company operates to the estimated future maintainable earnings or cash flows of the business together with the estimated realisable value of any surplus assets;
- iii) the amount that would be available for distribution to security holders in an orderly realisation of the company's assets;
- iv) the quoted price for listed securities, when there is a listed and active market and allowing for the fact that the quoted price may not reflect the value of those securities in the context of an acquisition of 100% of the company; and
- v) any recent genuine offers received by the company for the entire business or for any business units.

Sumner Hall regards the methodology described in item ii) above to be appropriate in this case. In particular, Sumner Hall regards the capitalisation of projected EBITDA (rather than EBIT, net profit after tax or some other measure of earnings or cash flows) to be the most appropriate valuation methodology to apply to CMG. That is the principal methodology that has been applied as discussed in detail in the previous section of this report. There are a number of reasons for this including that:

- i) CMG operates in a relatively mature industry and most of the major competitors have relatively established market positions;
- ii) the low capital intensive nature of the recruitment and staffing services business (with physical assets consisting primarily of people and working capital) and the relatively large amount of intangible assets (including goodwill and brand names) on most company balance sheets makes EBITDA preferable to other measures of earnings and cash flows because of the differing approaches by different companies in different markets to accounting for intangible assets and amortisation of those assets; and
- iii) purchasers, analysts and valuers of this type of business typically adopt the capitalisation of EBITDA as their preferred valuation approach.

Regulatory Guide 111 suggests that alternative valuation methodologies should be considered (at least as a secondary check on the results of the principal valuation methodology).

Discounting of projected cash flows has a strong theoretical basis in corporate finance and is particularly useful for assets such as mining operations where material reserves are depleted over time and where significant capital expenditure is often required. This is the primary method of valuation that is used for developed assets in the mining industry and the natural resources sector generally. The use of discounted cash flow models is also often found in relation to industrial companies where the business is in a high growth phase or where there are not relatively stable and predictable cash flows. Discounted cash flow valuations involve calculating the net present value of projected cash flows. The cash flows are discounted using a discount rate that reflects the risks and uncertainties associated with the future cash flow streams. Considerable judgment is required in estimating future cash flows and the valuer usually places great reliance on projections prepared by the owners and management of the businesses and assets involved.

Valuations based on an estimate of the aggregate proceeds from an orderly realisation of assets typically attribute no value to goodwill or other intangible assets associated with ongoing trading and are rarely appropriate for valuation of a company as a going concern.

The prices for shares that can be observed through sharemarket trading typically represent the value of portfolio interests in those shares and do not reflect the value of a controlling interest in the company. Valuations based on the use of quoted prices for listed securities are typically found in relation to the estimated realisable value of surplus assets where a company has an investment portfolio including non-controlling interests in various businesses.

Sumner Hall is not aware of any recent genuine offers for CMG or for any of its business units other than the CMG Scheme.

Sumner Hall does not regard any of these alternative methodologies to be particularly appropriate or useful in a valuation of CMG. Nonetheless, a discounted cash flow valuation has been adopted as a secondary check on the primary valuation approach. It should be noted that the application of a discounted cash flow valuation to a business such as CMG is limited by the lack of detailed long term (ie, 10-25 year) projections of earnings and cash flows. The owners and managers of these types of businesses do not typically prepare such documents, unlike the owners and managers of companies in the mining and natural resources industry, because they do not have the same requirements for long term planning in terms of major capital expenditure, depletion and renewal of reserves and resources. In the absence of such documentation, a discounted cash flow valuation is to some degree simply a modified version of a capitalised earnings approach.

CMG has prepared a limited set of confidential projections for the company's principal business operations for the period to 30 June 2017. Based on those projections, Sumner Hall has prepared a discounted cash flow model for CMG that includes projections of nominal, ungeared after-tax cash

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flows from 1 January 2014 to 30 June 2017. An estimated residual value has been incorporated into the discounted cash flow model for the indefinite period beyond 30 June 2017.

Sumner Hall has undertaken an analysis of CMG's projections including the reasonableness of assumptions regarding revenue growth, gross margin percentages, operating expenses, corporate overhead costs, depreciation and amortisation of intangible assets and taxes. Sumner Hall has also reviewed business and strategic plans prepared by CMG that are relevant to the projections. The projections are, however, related to future events that may well be affected by unforeseen factors and the projections are dependent on CMG management's actions in relation to both expected and unforeseen factors. Accordingly, actual results may be significantly different than these projected results.

The key assumptions that are incorporated into the discounted cash flow model include:

- i) revenue growth for the period 2018 to 2022 is assumed to be 0.5% per annum above inflation for the Staffing Services division, 2.5% above inflation for the Managed Services division and 1.5% above inflation for the Specialist Products division;
- ii) revenue growth beyond 2022 is assumed to be in line with inflation;
- iii) EBITDA margins remain constant at 2015 levels for all divisions;
- iv) corporate overheads increase in line with inflation;
- v) working capital increases in line with revenue growth; and
- vi) a nominal discount rate in the range 11-12%.

Based on these assumptions, the discounted cash flow model produces a net present value in the range \$330-340 million for CMG's three main operating businesses. This compares to the valuation result from Sumner Hall's primary valuation methodology in the range \$358-392 million for these same businesses. The discounted cash flow valuation result is lower than, but broadly consistent with, the primary valuation result. Sumner Hall has no reason to alter the primary valuation result as a result of this secondary check.

5.8 Other Assets and Liabilities

The assets and liabilities of CMG that are not taken into account in Sumner Hall's valuation of CMG's three principal recruitment and staffing services business operations include:

- i) a 40% interest in Cornerstone Global Partners;
- ii) a deferred and contingent payment in relation to the acquisition of the 40% interest in Cornerstone Global Partners;
- iii) a contingent liability associated with the acquisition of the remainder of Grafton Consulting; and
- iv) surplus cash on deposit.

CMG acquired a 40% interest in Cornerstone Global Partners in July 2013. Cornerstone Global Partners is a recruitment and staffing business with offices in Beijing, Shanghai, Suzhou and Hong Kong that provides recruitment and contract staffing solutions and recruitment process outsourcing services to the employment markets in those parts of China.

CMG discloses its 40% interest in Cornerstone Global Partners on its balance sheet as an equity accounted interest²⁴ in the company. For the purpose of this report, Sumner Hall has estimated the fair market value of a 100% interest in Cornerstone Global Partners and then attributed 40% of that value to

²⁴ Accordingly, the book value of \$4.5 million represents the original \$3.7 million cost of the investment (including an estimate of the deferred and contingent payments associated with the investment) plus CMG's share of profits (and, less dividends received, if any) subsequent to the acquisition.

CMG.

CMG reported its share of the net profit of Cornerstone Global Partners of \$477,000 for 2014 and has forecast its share of net profit to be approximately \$700,000 for 2015. Cornerstone Global Partners operates in a high growth market that provides CMG with both high growth potential and high risk relative to CMG's Australian businesses. Sumner Hall has had access to other confidential information regarding the revenues, EBITDA and cash flows for 100% of Cornerstone Global Partners. Based on that information, the EBITDA multiples discussed in the section of this report dealing with CMG's Staffing Services business and the nature of the business, Sumner Hall has estimated the fair market value for 100% of Cornerstone Global Partners in the range \$15-18 million. Accordingly, a value in the range \$6-7 million has been attributed to CMG's 40% interest in Cornerstone Global Partners for the purpose of this report.

CMG's investment in Cornerstone Global Partners involved an upfront cash payment of \$2.3 million and two deferred and contingent payments based on actual EBITDA results for 2014 and 2015. The first deferred payment was made for \$0.8 million in September 2014. The second deferred payment is due in September 2015. Sumner Hall has estimated that payment, based on the projected operating results for Cornerstone Global Partners, to be approximately \$0.9 million.

The fair market value for 100% of Grafton Consulting is included in Sumner Hall's assessment of CMG's Specialist Products business. However, CMG does not own 100% of that business and, accordingly, a contingent liability has been estimated to reflect a put and call option agreement that was put in place between CMG and the vendors of the initial 73.67% interest in Grafton Consulting. The put and call option agreement provided CMG with call options over the remaining 26.3% interest in Grafton Consulting that CMG could exercise in various amounts and at various dates up to August 2016. CMG acquired a further 19.86% of Grafton Consulting in August 2014 by exercising call options for a total of approximately \$1.0 million. This took CMG's shareholding to 93.53% of Grafton Consulting. Based on the formula set out in the put and call option agreement, the contingent liability for CMG's call option over the remaining 6.47% of Grafton Consulting has been estimated at approximately \$0.4 million.

CMG's cash balance of approximately \$5.1 million as at 31 December 2014 is regarded as a surplus asset for valuation purposes. CMG expects to be able to meet its foreseeable cash flow requirements from operating cash flows with little or no need to access this cash balance for working capital purposes.

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6 Evaluation of the CMG Scheme

6.1 Overall conclusion

In Sumner Hall's opinion, the CMG Scheme is fair and reasonable and, therefore, the CMG Scheme is in the best interests of CMG shareholders in the absence of a superior proposal.

6.2 Key terms of the CMG Scheme

If the CMG Scheme is approved and implemented, CMG shareholders will receive a cash payment of 53¢ per share from Recruit Holdings in return for the transfer of 100% of the ordinary shares in CMG to Recruit Holdings. The Directors of CMG have also determined that CMG shareholders on the dividend record date (currently expected to be 31 March 2015) will be entitled to receive a dividend of 1.7¢ per share for the half year ended 31 December 2014 (that is expected to be fully franked). This dividend is in addition to the cash payment from Recruit Holdings. If the CMG Scheme does not become effective, a dividend will still be payable but the Directors of CMG may review and re-determine the amount of the dividend.

The CMG Scheme includes shares that are the subject of the various CMG share incentive plans. In respect of the Senior Executive Share Plan, with effect from the effective date of the CMG Scheme, CMG will waive any remaining vesting or other conditions or restrictions with respect to shares that have previously been allocated to specific individuals. Those individuals will then be free to participate in the CMG Scheme. With respect to the unallocated shares, any unallocated shares will also be acquired by Recruit Holdings pursuant to the CMG Scheme if it is implemented. This will include CMG shares that have been forfeited due to cessation of employment or failure to meet applicable performance conditions.

The CMG Scheme is subject to a number of conditions that are set out in full in the CMG Scheme booklet to be sent to shareholders by CMG. The principal conditions include:

- i) that an independent expert concludes that the CMG Scheme is in the best interests of CMG shareholders;
- ii) that Recruit Holdings receives notice that the Treasurer has no objections to the CMG Scheme pursuant to the Foreign Acquisitions and Takeovers Act either unconditionally or on terms that are acceptable to Recruit Holdings acting reasonably or that the Treasurer becomes precluded from making orders in relation to the CMG Scheme pursuant to the Foreign Acquisitions and Takeovers Act; and
- iii) approval from CMG shareholders by the requisite majorities under Section 411 of the Corporations Act.

CMG has agreed to a number of exclusivity arrangements with Recruit Holdings that will apply during the life of the CMG Scheme. These arrangements include no-shop, no-talk and no-due diligence provisions that restrict CMG's ability to initiate or encourage discussions or negotiations with alternative bidders unless any such action or inaction would constitute a breach of the fiduciary duties of the Directors of CMG. Recruit Holdings has also been granted a right to match any alternative proposals and Recruit Holdings is entitled to a reimbursement fee of \$3.0 million from CMG in the event that the CMG Scheme does not proceed as the result of an alternative proposal succeeding and in certain other limited circumstances.

6.3 The consideration to be paid to CMG shareholders is fair

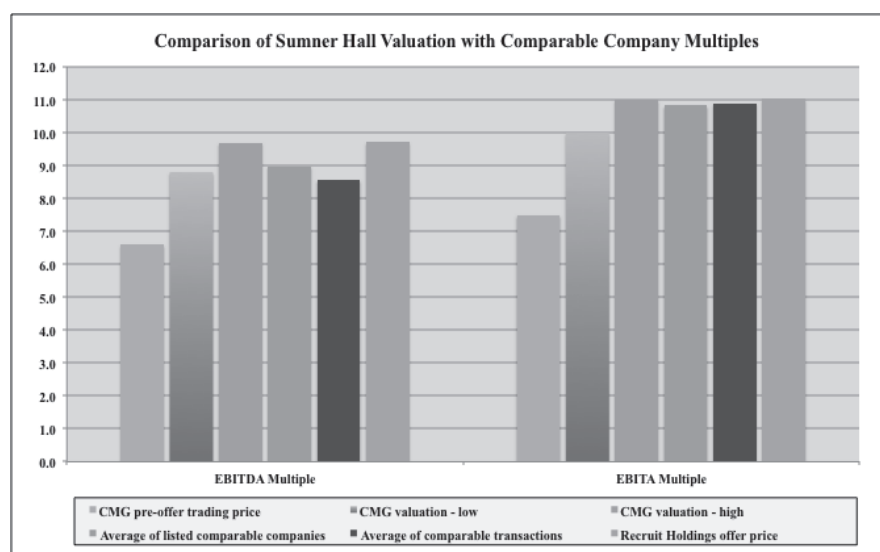
Based on assumptions that are regarded as reasonable and described in detail elsewhere in this report, Sumner Hall has valued 100% of CMG, after allowing for net indebtedness and the estimated realisable value of other assets, in the range \$253-288 million which represents 46-53¢ per share after dilution for options. The proposed acquisition price of 53¢ for CMG shares is at the top end of Sumner Hall's estimate of the underlying value for 100% control of the shares in CMG and, accordingly, the price offered in the CMG Scheme is fair.

The principal approach to valuing the three main recruitment and staffing services related businesses of CMG has been by reference to capitalised earnings and cash flows (in particular, by reference to

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capitalisation multiples applied to current and forecast EBITDA). A discounted cash flow valuation has been applied as a secondary check on the valuation result. Other assets have been valued based on estimated net realisable value.

The combined valuation of the recruitment and staffing businesses of CMG in the range \$358-392 million represents a multiple in the range 8.8-9.7 times estimated 2015 EBITDA (and a multiple in the range 10.0-11.0 times estimated 2015 EBITA). This range of multiples is consistent with the multiples paid in other transactions involving the acquisition of control of recruitment and staffing services companies and the trading multiples for listed recruitment and staffing services companies (after allowing for a premium for control) as summarised below:



6.4 The CMG Scheme is reasonable

An offer price that is fair is also, by definition (in terms of Regulatory Guide 111), reasonable. Accordingly, the CMG Scheme is fair and reasonable and, therefore, the CMG Scheme is in the best interests of CMG shareholders. Nonetheless, there are a number of other factors that relate to the reasonableness of the CMG Scheme that CMG shareholders may wish to consider in determining whether or not to vote for the CMG Scheme. Those other factors are discussed below.

6.4.1 Outlook for trading in CMG shares in the absence of the CMG Scheme

The CMG Scheme provides CMG shareholders with the ability to sell their shares for cash at a price that significantly exceeds the recent trading range for CMG shares. The opportunity for CMG shareholders to realise this value may not be otherwise available for some time, at least not in the short term (in the absence of the CMG Scheme or an alternative proposal).

In the absence of the CMG Scheme or other proposals for the acquisition of 100% of CMG, Sumner Hall expects that CMG shares would trade at prices below current market prices (which reflect the 53¢ offer price to be paid by Recruit Holdings if the CMG Scheme is approved and the proposed dividend payment for the half year ended 31 December 2014)). These prices would almost certainly not be sustained, at least in the short term, if CMG were to remain listed as is. CMG shares had not traded at prices as high as the 53¢ offer price since the announcement of the 2013 results in August 2013 and have traded at prices in the range 30-40¢ for most of the twelve month period immediately preceding the announcement on 14 January 2015 that CMG had entered into a scheme implementation deed with Recruit Holdings in relation to the CMG Scheme.

6.4.2 Quantum of the takeover premium

The offer price of 53¢ to be paid by Recruit Holdings under the CMG Scheme represents a premium of 82.8% over the last trading price of 29¢ immediately prior to the announcement of the CMG Scheme and a 65.6% premium to the 32¢ average price at which CMG shares traded over the two months preceding the announcement of the CMG Scheme. This is well above the level of premiums that are generally observed in takeovers and schemes of arrangement in the Australian market that tend to be in the range 25-35% compared to the pre-offer share trading price. However, it is important to recognise that:

- i) takeover premiums are observed outcomes rather than determinants of value;
- ii) pre-offer share prices can sometimes reflect takeover speculation or other unusual factors; and
- iii) takeover premiums vary widely depending on individual circumstances including many instances where the takeover premium is well below or well above the 25-35% range that is often cited as the typical range.

6.4.3 Alternative proposals

The share register of CMG, while not widely held, is relatively open and there is no individual shareholding in CMG that is likely to be able to block an alternative potential purchaser to Recruit Holdings. The largest shareholder accounts for 13.4% of the shares on issue. No single party has control of the company and the potential remains for an alternative proposal to be made. However, CMG has agreed to no-shop, no-talk and no-due diligence provisions and a reimbursement fee arrangement with Recruit Holdings. Recruit Holdings has also been granted the right to match any unsolicited competing proposal. Although these types of provisions are no longer unusual in the Australian market and the potential reimbursement fee of \$3.0 million does not present a material barrier to alternative proposals, these provisions could still inhibit a counter bidder. In any event, the opportunity to put forward an alternative proposal will remain until the CMG Scheme meeting and the Directors of CMG would consider any such alternative proposal on its merits if and when it arose.

6.5 Each CMG shareholder should make their own decision based on their own criteria

Sumner Hall has been engaged to prepare an independent expert's report setting out its opinion as to whether the CMG Scheme is in the best interests of shareholders. Sumner Hall has not been engaged to provide a recommendation to CMG shareholders in relation to the CMG Scheme. Responsibility for a recommendation in relation to the CMG Scheme rests with the Directors of CMG.

In any event, approval or rejection of the CMG Scheme is a matter for individual shareholders based on each shareholder's views as to the value of CMG, expectations about future market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. CMG shareholders who are in any doubt as to the action that they should take in relation to the CMG Scheme should consult their own professional adviser.

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7 Qualifications, Declarations and Consents

7.1 Qualifications

Sumner Hall is a specialist advisory firm providing corporate advisory services in relation to mergers and acquisitions, divestments, capital raisings, corporate restructuring and financial matters generally. One of its activities is the preparation of corporate and business valuations and the provision of independent advice and expert's reports in connection with mergers, takeovers and capital reconstructions.

The person responsible for preparing this report on behalf of Sumner Hall is Mr Jeff Hall, B.Sc. (Hons), M.Com. (Hons), ACA, AICPA, CFA. Mr Hall is a Director of Sumner Hall and has over twenty five years experience in relevant corporate advisory matters. Mr Hall is the key person of Sumner Hall in relation to its AFS License No. 231214 issued pursuant to section 913B of the Corporations Act.

7.2 Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Sumner Hall's opinion as to whether the CMG Scheme is fair and reasonable and in the best interests of CMG shareholders. This opinion relates to CMG shareholders as a whole and it does not take into account the risk profile, personal objectives or financial situation of individual shareholders. Shareholders should consider the appropriateness of this report having regard to their own circumstances before making any decisions in relation to the CMG Scheme. Shareholders should also consider all other parts of the Scheme Booklet before making any decisions in relation to the CMG Scheme. Sumner Hall expressly disclaims any liability to any CMG shareholder who relies or purports to rely on this report for any other purpose and to any other party who relies or purports to rely on this report for any purpose whatsoever.

Sumner Hall has had no involvement in the preparation of the Scheme Booklet and has not verified or approved any of the contents of the Scheme Booklet. Sumner Hall does not accept any responsibility for the contents of the Scheme Booklet except for this independent expert's report.

This report has been prepared by Sumner Hall with care and diligence and the statements and opinions given by Sumner Hall in this report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading. However, no responsibility is accepted by Sumner Hall or any of its officers or employees for errors or omissions however arising in the preparation of this report, provided that this shall not absolve Sumner Hall from liability arising from an opinion expressed recklessly or in bad faith.

7.3 Independence

Sumner Hall does not have at the date of this report, and has not had within the previous two years, any shareholding in or other relationship with CMG that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the CMG Scheme.

Sumner Hall was not involved in the formulation of the CMG Scheme. Sumner Hall's only role has been the preparation of this independent expert's report.

Sumner Hall will receive a fixed fee of \$75,000 for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the CMG Scheme. Sumner Hall's out-of-pocket expenses in relation to the preparation of this report will also be reimbursed. Sumner Hall will not receive any other benefit for the preparation of this report.

Sumner Hall considers itself to be independent in terms of Regulatory Guide 112 published by ASIC.

7.4 Declarations

An advance draft of this report was provided to CMG and its advisers. Certain changes were made to this report as a result of the circulation of the draft report. No alterations were made to the methodology or conclusions as a result of circulating the draft report.

CMG has agreed that, to the extent permitted by law, it will indemnify Sumner Hall and its employees

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and officers in respect of any liability suffered or incurred as a result of or in connection with the preparation of this report. This indemnity will not apply to the extent that any liability suffered is caused by the negligence, fraud, breach of contract or willful misconduct of Sumner Hall. CMG has also agreed to indemnify Sumner Hall and its employees and officers for time incurred and any costs in relation to any inquiry or proceeding initiated by any person. Where Sumner Hall or its employees and officers are found to have been negligent, fraudulent, in breach of contract or engaged in willful misconduct then Sumner Hall shall bear the proportion of such costs caused by its actions.

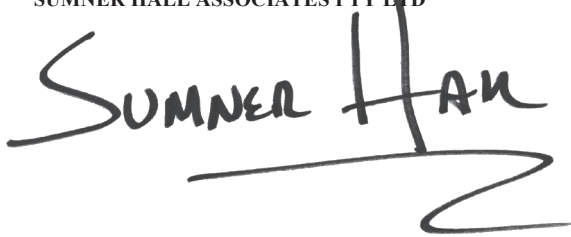
7.5 Financial Services Guide

Sumner Hall has prepared a Financial Services Guide in relation to this report. Sumner Hall's Financial Services Guide is included as Annexure C to this report.

7.6 Consents

Sumner Hall consents to the issuing of this report in the form and context in which it is to be included in the Scheme Booklet to be sent to shareholders of CMG. Neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of Sumner Hall as to the form and context in which it appears.

Yours faithfully,
SUMNER HALL ASSOCIATES PTY LTD

A handwritten signature in dark ink that reads "SUMNER HALL". The signature is stylized, with the first letters of each word being large and prominent. Below the name, there is a long, horizontal, slightly wavy line that extends to the right.

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Annexure A – Transactions Involving Recruitment and Staffing Services Companies

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Selected Transactions Involving Recruitment and Staffing Services Companies

Skilled Group Limited

The Directors of Skilled Group Limited (“Skilled Group”) announced on 29 December 2014 that the company had received a proposal from Programmed Maintenance Services Limited (“Programmed Maintenance”) for a “merger of equals”. The proposal involves the acquisition of 100% of the shares in Skilled Group for a combination of cash and new shares in Programmed Maintenance that would result in the shareholders of Skilled Group collectively holding approximately 50% of the shares in the merged group. The Directors of Skilled Group described the proposal as “opportunistic” and that Skilled Group considered the approach to be based on a share price for Skilled Group that was well below medium and longer term average prices. The Directors of Skilled Group stated that any merger would have to be pursued on terms that reflected appropriate value for Skilled Group shareholders. The Directors of Skilled Group stated that a detailed review of the proposal would be conducted, that it would revert with a response in due course and that Skilled Group would make a further announcement in the event of any material developments. The Directors of Skilled Group announced on 22 January 2015 that the company had rejected the proposal for a number of reasons including that the proposal undervalued the shares in Skilled Group and the company’s contribution to the proposed merger.

Staffing Solutions Holdings, Inc.

Staffing Solutions Holdings, Inc. (known as “Seaton”) was acquired by TrueBlue on 1 June 2014. Seaton was founded in 1988 in the United States. The company was primarily involved in permanent staffing, recruitment and outsourcing of HR services including recruitment process outsourcing. Seaton acquired HRX Australia Pty Ltd (“HRX”) in February 2014. HRX specialised in recruitment process outsourcing in the Australian market.

Talent2 International Limited

Talent2 International Limited (“Talent2 International”) was acquired by a consortium of Allegis Group, Inc. and several private investors on 28 May 2012. The company was founded in 2003 in Australia. Talent2 was primarily involved in employment placement, recruitment and outsourcing of HR services including recruitment process outsourcing and payroll services. The company also provided educational and training services.

Advantage Resourcing America, Inc.

The American and European operations of Advantage Resourcing America, Inc. (“Advantage Resourcing”) were acquired by Recruit Holdings on 4 January 2012. The company was founded in 1995 in the United States. Advantage Resourcing provided temporary staffing and permanent placement services in a variety of industries including accounting, finance, engineering and information technology. The company also provided other HR services including recruitment process outsourcing, workforce optimisation, business process outsourcing and payroll services.

Staffmark Holdings, Inc.

Staffmark Holdings, Inc. (“Staffmark”) was acquired by Recruit Holdings on 17 October 2011. The company was formed from a merger of three smaller companies in 2009. Staffmark provided a variety of HR services, primarily to corporate customers in the United States, including temporary staffing, employment placement and recruitment, employee leasing services and other HR services including payroll and other managed services. Temporary staffing services were provided in a variety of industries including manufacturing, transportation, retail, distribution, automotive, construction, healthcare and financial services.

SFN Group, Inc.

SFN Group, Inc. (“SFN Group”) was acquired by Randstad on 5 September 2011. SFN Group (formerly known as Spherion Corporation) was founded in 1946 in the United States. The company operated as a workforce solutions provider in the United States and Canada offering professional and staffing services that included temporary staffing, permanent placement and HR outsourcing services. SFN Group’s outsourcing services included recruitment process outsourcing and payroll services.

Ross Human Directions Limited

Ross Human Directions Limited (“RHD”) was acquired by CMG on 23 November 2010. The company was founded in 1988 in Australia. RHD was primarily involved in providing recruitment and employment placement services. The company also provided managed services and other HR consulting and outsourcing services including payroll, training and education, technology consulting and career transition management. Recruitment services included

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contract, temporary and permanent employment placement in the executive, professional, administrative and information technology sectors. Managed services included business process outsourcing of activities such as data capture and management, event management, call centre operations and hospitality services.

COMSYS IT Partners, Inc.

COMSYS IT Partners, Inc. ("COMSYS IT Partners") was acquired by Manpower on 1 February 2010. The company was founded in 1972 in the United States. COMSYS IT Partners provided temporary, contract-to-hire and permanent staffing primarily in the information technology sector. The company also provided business process solutions such as business planning and execution, development and integration and infrastructure and data solutions such as data management, information security and technology management. COMSYS IT Partners also provided enterprise resource applications solutions including program/project management, customer relationship management and content lifecycle management services such as enterprise content management, audio/visual production and conference services.

MPS Group, Inc.

MPS Group, Inc. ("MPS Group") was acquired by Adecco on 20 October 2009. The company was founded in 1992 in the United States. MPS Group provided staffing, HR consulting services and HR business solutions to companies worldwide. The company's professional services division provided recruitment and permanent and temporary staffing for the accounting, finance, law, engineering and healthcare sectors. The company's information technology services division provided specialty staffing, consulting and business solutions including placement of information technology consultants on a contract basis for project support and staffing, recruitment of full-time positions and recruiting support for application development, systems integration and enterprise application integration. MPS Group also provided website design and development, application development, digital data management, security, interactive marketing and software-based workforce solutions.

Spring Group plc

Spring Group plc ("Spring Group") was acquired by Adecco on 15 August 2009. The company was founded in 1989 in the United Kingdom. Spring Group provided recruitment, staffing and related services primarily in Europe and North America. The company offered permanent, temporary and contract commercial staffing services for general industry including accounting, clerical, engineering, human resources and marketing staff. Spring Group also provided specialised permanent and contract recruitment services in the information technology, telecommunications, finance and accounting sectors. In addition to recruitment and staffing services, Spring Group provided HR outsourcing services in the areas of recruitment process outsourcing, human resources consulting and information technology managed services.

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Comparable Companies and Transactions Analysis										
Company	Principal Industry Sub-sector	Year end / Acquisition Date	Latest Bal. Sheet	Share Price	Market Capitalisation (\$ millions)	Enterprise Value (\$ millions)	EBITDA Multiple		EBIT Multiple	
							Historical	Current	Historical	Current
Chandler Macleod Group Limited - Low		30-Jun	31-Dec-14	AUD 0.46	253.00	358.02	9.0	8.8	7.3	10.2
Chandler Macleod Group Limited - High		30-Jun	31-Dec-14	AUD 0.53	288.02	392.04	9.9	9.7	8.0	11.2
Selected acquisitions of recruitment and staffing services companies										
Skilled Group proposed merger with Programmed Maintenance	Staff despatch/lease/placement	29-Dec-14	30-Jun-14	AUD 1.45	341.8	525.5	5.2	4.8	4.5	5.7
Staffing Solutions Holdings, Inc. (Seaton) acquired by TrueBlue	Recruitment/managed services	01-Jun-14	31-Dec-13	na	na	311.6	9.4	7.8	nc	nc
Talent2 International Limited acquired by Allegis Group	Recruitment/managed services	28-May-12	31-May-12	AUD 0.78	118.2	140.7	5.0	6.1	nc	6.1
Advantage Resourcing (US/Europe) acquired by Recruit Holdings	Recruitment/managed services	04-Jan-12	30-Jun-11	na	na	396.3	nc	nc	nc	nc
Staffmark Holdings, Inc. acquired by Recruit Holdings	Staff despatch/lease/placement	17-Oct-11	30-Sep-11	na	na	288.1	7.8	8.2	nc	9.8
SFN Group, Inc. acquired by Randstad	Staff despatch/lease/placement	05-Sep-11	30-Jun-11	USD 14.00	697.1	669.1	11.3	9.7	nc	16.1
Ross Human Directions Limited acquired by Chandler Macleod	Recruitment and staff despatch	23-Nov-10	31-Oct-10	AUD 0.75	60.7	64.6	5.0	4.6	nc	5.8
COMSYS IT Partners, Inc. acquired by Manpower, Inc.	Staff despatch/lease/placement	01-Feb-10	31-Jan-10	USD 17.65	432.7	468.8	15.5	15.1	nc	19.0
MPS Group, Inc. acquired by Adecco	Staff despatch/lease/placement	20-Oct-09	30-Sep-09	USD 13.80	1,396.1	1,230.1	8.3	8.6	nc	8.6
Spring Group plc acquired by Adecco	Staff despatch/lease/placement	15-Aug-09	30-Jun-09	£0.62	210.3	114.7	7.1	nc	nc	8.0
Average						420.9	8.3	8.1	nc	9.9
Median						354.0	7.8	8.0	nc	8.3
Average excluding Skilled Group proposed merger										
Median						409.3	8.7	8.6	nc	10.5
Median excluding Skilled Group proposed merger										
Median						311.6	8.3	8.4	nc	8.6
Average excluding Talent2 International, Ross Human Directions and COMSYS IT Partners										
Average						522.7	8.8	8.6	nc	10.6
Median										10.9

Comparable Companies and Transactions Analysis													
Company	PE Multiple			Revenue Multiple			NTA Multiple		Debt/ Equity Value	Debt/ MV Funds Employed	EBITDA Margin		
	Historical	Current	Forecast	Historical	Current	Forecast	Unlevered	Diluted			Historical	Current	Forecast
Chandler Macleod Group Limited - Low	16.2	18.1	13.1	0.25	0.26	0.25	7.0	39.7%	28.1%	2.8%	2.9%	3.4%	2.6%
Chandler Macleod Group Limited - High	18.4	20.6	14.9	0.28	0.28	0.27	7.7	34.9%	25.6%	2.8%	2.9%	3.4%	2.6%
Selected acquisitions of recruitment and staffing services comp:													
Skilled Group proposed merger with Programmed Maintenance	5.8	6.0	5.7	0.26	0.25	0.24	2.8	49.8%	34.8%	5.0%	5.2%	5.3%	4.6%
Staffing Solutions Holdings, Inc. (Seaton) acquired by TrueBlue	nc	nc	nc	0.48	0.39	nc	0.9	na	na	5.1%	5.0%	nc	nc
Talent2 International Limited acquired by Allegis Group	7.0	9.6	nc	0.46	0.44	nc	4.3	20.8%	17.5%	9.1%	7.2%	nc	7.6%
Advantage Resourcing (US/Europe) acquired by Recruit Holdings	nc	nc	nc	0.29	nc	nc	1.0	na	na	nc	nc	nc	nc
Staffmark Holdings, Inc. acquired by Recruit Holdings	nc	nc	nc	0.29	0.28	nc	1.0	na	na	3.8%	3.5%	nc	2.7%
SFEN Group, Inc. acquired by Randstad	38.1	28.8	nc	0.34	0.33	nc	2.6	(4.0%)	(4.2%)	3.0%	3.4%	nc	2.5%
Ross Human Directions Limited acquired by Chandler Macleod	8.8	8.5	nc	0.17	0.16	nc	2.0	nc	5.3%	3.5%	3.5%	nc	3.1%
COMSYS IT Partners, Inc. acquired by Manpower, Inc.	26.9	36.3	nc	0.63	0.62	nc	8.0	8.3%	7.7%	4.1%	4.1%	nc	3.4%
MPS Group, Inc. acquired by Adecco	9.0	16.9	nc	0.51	0.69	nc	6.8	(11.9%)	(13.5%)	6.2%	8.1%	nc	7.8%
Spring Group plc acquired by Adecco	24.3	nc	nc	0.11	nc	nc	4.2	nc	(83.3%)	1.6%	nc	nc	nc
Average	17.1	17.7	nc	0.36	0.40	nc	3.4	21.0%	(8.9%)	4.6%	5.0%	nc	4.2%
Median	9.0	13.3	nc	0.32	0.36	nc	2.7	2.2%	0.5%	4.1%	4.1%	nc	3.2%
Average excluding Skilled Group proposed merger	19.0	20.0	nc	0.37	0.42	nc	3.4	6.6%	(23.5%)	4.5%	5.0%	nc	4.2%
Median excluding Skilled Group proposed merger	24.3	22.8	nc	0.34	0.33	nc	2.6	(8.0%)	(13.5%)	3.8%	3.5%	nc	2.5%
Average excluding Talent2 International, Ross Human Directio	23.8	22.8	nc	0.35	0.43	nc	3.1	(8.0%)	(33.7%)	3.9%	5.0%	nc	4.3%

Annexure B – Comparable Listed Recruitment and Staffing Services Companies

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Listed Companies – Major Global Human Resources Services Providers

Adecco S.A.

Adecco S.A. (“Adecco”) is generally regarded as the largest human resources services company in the world. Adecco was founded in 1957 and is based in Switzerland. Adecco provides human resource services to businesses and other organisations worldwide. The company offers temporary staffing, permanent placement, outsourcing, career transition and other services. Adecco also provides managed service programs and recruitment process outsourcing solutions, vendor management systems and career transition and talent development services comprising outplacement, leadership development, career development, change management solutions, training, and consulting.

Randstad Holding NV

Randstad Holding NV (“Randstad”) is generally regarded as the second largest human resources services company in the world. Randstad was founded in 1960 and is based in the Netherlands. The company’s services range from temporary staffing and permanent placements to search and selection and human resources solutions. Randstad recruits supervisors, managers, professionals, interim specialists and consultants with professional qualifications for middle and senior management positions and provides fee-based recruitment and training programs. The company’s in-house services offer a human resources process from recruitment and selection, introduction, planning and management of staff resources.

Manpower Group, Inc.

Manpower Group, Inc. (“Manpower”) is generally regarded as the third largest human resources services company in the world. Manpower was founded in 1948 and is based in the United States. The company’s recruitment service portfolio includes permanent, temporary, and contract recruitment of professionals as well as administrative and industrial positions. Manpower also offers training and development services, outsourcing services related to human resources functions, professional resourcing and project-based solutions in the information technology, engineering, finance, and healthcare fields.

Recruit Holdings Co., Ltd

Recruit Holdings Co., Ltd (“Recruit Holdings”). Recruit Holdings was founded in 1960 and is based in Japan. The company offers a range of human resources services including job advertisements, permanent placement services, temporary staffing services and outsourcing services. Recruit Holdings also provides information services in various fields including education, housing, travel, restaurants, weddings, beauty, cars, hobbies and lifestyle.

ADP, Inc.

ADP, Inc. (“ADP”) provides technology-based human resources outsourcing solutions to employers worldwide. ADP was founded in 1949 and is headquartered in the United States. The company’s human resources solutions include payroll services, benefits administration services, talent management solutions, human resources management solutions, time and attendance management solutions, insurance services, retirement services, and tax compliance and payment solutions.

Comparable Companies and Transactions Analysis											
Company	Principal Industry Sub-sector	Year end / Acquisition Date	Latest Bal. Sheet	Share Price	Market Capitalisation (A\$ millions)	Enterprise Value (A\$ millions)	EBITDA Multiple		EBITDA Multiple		EBITDA Multiple
							Historical	Current	Forecast	Historical	Current
Chandler Macleod Group Limited - Low		30-Jun	31-Dec-14	AUD 0.46	253.00	358.02	9.0	8.8	7.3	10.2	10.0
Chandler Macleod Group Limited - High		30-Jun	31-Dec-14	AUD 0.53	288.02	392.04	9.9	9.7	8.0	11.2	11.0
Major global human resources service providers											
Adecco S.A.	Staff despatch/lease/placement	31-Dec	30-Sep-14	62.55 €	15,736.02	17,386.93	12.7	11.3	9.7	14.2	12.4
Randstad Holding NV	Staff despatch/lease/placement	31-Dec	30-Sep-14	41.45 €	10,671.12	11,617.28	13.5	10.4	9.2	15.3	11.5
Manpower, Inc.	Staff despatch/lease/placement	31-Dec	30-Sep-14	USD 64.41	5,847.39	5,644.47	7.1	6.0	5.8	8.2	6.9
Recruit Holdings Co., Ltd	Recruitment and advertising	31-Mar	30-Jun-14	¥3,500.00	19,902.91	18,754.26	10.5	8.8	8.0	16.1	12.2
ADP, Inc.	Payroll and HR services	30-Jun	30-Sep-14	USD 83.70	46,308.01	45,697.89	16.1	17.3	15.2	17.9	19.4
Average					19,693.09	19,820.17	12.0	10.8	9.6	14.3	12.5
Average excluding Recruit Holdings and ADP					10,751.51	11,549.56	11.1	9.2	8.2	12.6	10.2

Comparable Companies and Transactions Analysis													
Company	PE Multiple			Revenue Multiple			NTA Multiple		Debt/ Equity Value	MV Funds Employed	EBITDA Margin		
	Historical	Current	Forecast	Historical	Current	Forecast	Unlevered Diluted	Forecast			Historical	Current	Forecast
Chandler Macleod Group Limited - Low	16.2	18.1	13.1	0.25	0.26	0.25	7.0	0.25	39.7%	28.1%	2.8%	2.9%	3.4%
Chandler Macleod Group Limited - High	18.4	20.6	14.9	0.28	0.28	0.27	7.7	0.28	34.9%	25.6%	2.8%	2.9%	3.4%
Major global human resources service providers													
Adecco S.A.	18.6	16.8	14.4	0.62	0.60	0.57	15.7	0.57	10.5%	9.5%	4.9%	5.4%	5.9%
Randsiad Holding NV	31.0	21.6	17.5	0.49	0.47	0.45	6.5	0.45	8.9%	8.1%	3.6%	4.5%	4.8%
Manpower, Inc.	13.5	12.1	11.5	0.24	0.24	0.24	nc	0.24	(3.5%)	(3.6%)	3.4%	3.9%	4.1%
Recruit Holdings Co., Ltd	29.5	18.6	16.2	1.59	1.41	1.28	13.6	1.28	(5.9%)	(6.3%)	15.2%	16.0%	16.1%
ADP, Inc.	26.9	28.6	25.5	3.26	3.60	3.33	11.7	3.33	(1.3%)	(1.3%)	20.3%	20.8%	21.9%
<i>Average</i>	23.9	19.5	17.0	1.24	1.26	1.17	11.9	1.17	1.7%	1.3%	9.5%	10.1%	10.5%
Average excluding Recruit Holdings and ADP	21.1	16.8	14.5	0.45	0.44	0.42	11.1	0.42	5.3%	4.7%	4.0%	4.6%	4.9%
											7.7%	8.5%	9.2%
											3.5%	4.1%	4.7%

Listed Companies – Other Selected Recruitment and Staffing Services Companies

Hays plc

Hays plc (“Hays”) operates as a specialist recruitment company worldwide. The company was founded in 1969 in England. Hays provides temporary and permanent placement recruitment services and operates in numerous areas including accounting and finance, information technology, construction and property, life sciences, sales and marketing, banking and capital markets, contact centres, education, engineering and manufacturing, health and social care, legal, retail, oil and gas, mining and telecom industries.

Kelly Services, Inc.

Kelly Services, Inc., (“Kelly Services”) provides human resources and workforce solutions to various industries worldwide. Kelly Services was founded in 1946 in the United States. The company provides trained employees in word processing, data entry and clerical and administrative support roles; staff for contact centers, technical support hotlines and telemarketing units; instructional and non-instructional employees for schools; support staff for seminars, sales and trade shows; assemblers, quality control inspectors and technicians for electronic assembly; and maintenance workers, material handlers, and assemblers for industrial light maintenance. Kelly Services also provides scientific and clinical research workforce solutions; engineering professionals and information technology specialists across various disciplines; and finance and accounting, healthcare and legal professionals.

On Assignment, Inc.

On Assignment, Inc. (“On Assignment”) provides short and long-term placement of contract and direct hire professionals in the United States, Europe, Canada, China, Australia, and New Zealand. The company was founded in 1985 in the United States. On Assignment specialises in life sciences, health care and information technology but also provides staffing and services support for companies from other industries including financial services, business services, consumer and industrials, government services, and communications.

Robert Half International, Inc.

Robert Half International Inc. (“Robert Half”) provides temporary and permanent staffing services worldwide. Robert Half also operates a global management, risk consulting and internal audit service called Protiviti. Robert Half was founded in 1948 and is based in the United States. Temporary and permanent staffing is offered primarily in the accounting, tax, finance and information technology sectors. The company is also involved in the advertising and marketing industries through placement of creative directors, graphics designers, website content developers, website designers, media buyers, and public relations specialists.

USG People NV

USG People NV (“USG People”) provides employment, education and training for companies throughout Europe. The company was founded in 1972 in the Netherlands. USG People offers staffing, secondment, recruitment and selection, outsourcing, and payroll services in the transport, healthcare, legal, financial, marketing and communication and information technology sectors.

TrueBlue, Inc.

TrueBlue, Inc. (“TrueBlue”) provides temporary blue-collar staffing services primarily in North America. TrueBlue was founded in 1985 in the United States. TrueBlue supplies on-demand general labor, skilled manufacturing and logistics labor and skilled trades for commercial, industrial and energy construction industries. The company also supplies skilled mechanics and technicians to the aviation and transportation industries and temporary and dedicated drivers to the transportation and distribution industries.

Kforce, Inc.

Kforce Inc. (“Kforce”) provides professional and technical specialty staffing services worldwide. The company was founded in 1962 in the United States. The company offers temporary staffing and permanent placement services primarily in the areas of information technology, general accounting, financial services, healthcare informatics and data and knowledge management.

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CDI Corporation

CDI Corporation was founded in 1950 in the United States. The company provides integrated engineering and technology solutions, professional staffing and recruitment services. CDI Corporation offers skilled technical and professional personnel for short term and permanent placement and also provides managed services and managed staffing programs, functional staff outsourcing and business advisory services. The company also offers training and support services.

Skilled Group Limited

Skilled Group Limited ("Skilled Group") was founded in 1964 in Australia. Skilled Group provides onshore and offshore workforce management, flexible labor solutions and project-based workforce solutions including shut downs, installations and relocations primarily in Australia. The company provides supplementary labor hire services (primarily blue-collar labor hire services to clients in the industrial, mining, resources, primary manufacturing, food, pharmaceuticals, automotive, machinery, transport and logistics, primary services, telecommunications, utilities and infrastructure sectors), engineering and technical professional staff, white-collar staff and nursing staff services.

Programmed Maintenance Services Limited

Programmed Maintenance Services Limited ("Programmed Maintenance Services") provides staffing, maintenance, and project services primarily in Australia and New Zealand. The company was founded in 1951 in Australia. Programmed Maintenance Services provides building maintenance and operation services to the property and infrastructure sector including painting, grounds management, corporate imaging and signage, repairs, electrical and lighting installation and repair, facility management and maintenance services. The company provides construction, maintenance and operation services (such as marine manning, vessel management, catering, maintenance, and construction support) to the offshore and onshore oil, gas and mining industries. Programmed Maintenance Services also offers recruitment and labor hire services for a range of industries including mining, construction, manufacturing, transport and logistics.

Clarius Group Limited

Clarius Group Limited ("Clarius Group") provides employment services for businesses and government in Australia and New Zealand. The company was founded in 1984 in Australia. Clarius Group offers permanent, contract, and temporary placement services in the accounting, banking, corporate services, engineering, finance, information technology, information management and sales and marketing sectors.

Hudson Global, Inc.

Hudson Global, Inc. ("Hudson Global") provides professional-level recruitment and related staffing solutions for companies and government agencies worldwide. The company was founded in 2003 in the United States. Hudson Global offers temporary and permanent staffing services, recruitment process outsourcing services (including recruitment outsourcing, project-based outsourcing, contingent workforce solutions and recruitment consulting services) staffing management solutions (including talent assessment, interview training, executive coaching and employee development) and outplacement services.

Harvey Nash Group plc

Harvey Nash Group plc ("Harvey Nash") provides professional recruitment and outsourcing solutions in Europe, the United States and the Asia Pacific region. The company was founded in 1988 in the United Kingdom. Harvey Nash provides executive search, management consultancy services, temporary and permanent staffing in the information technology, financial services and engineering sectors and managed services including business process outsourcing services.

Michael Page International plc

Michael Page International plc ("Michael Page") operates as a specialist recruitment consultancy worldwide. The company was founded in 1976 in the United Kingdom. Michael Page provides executive search and recruitment services for permanent, contract and temporary staff at clerical professional, qualified professional and executive level in the areas of accounting, financial services, construction, engineering, manufacturing, healthcare, hospitality and leisure.

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Korn/Ferry International, Inc.

Korn/Ferry International, Inc. ("Korn/Ferry") was founded in 1969 in the United States. The company provides staff management solutions in the areas of executive recruitment (primarily in the consumer, financial services, industrial, life sciences, healthcare, technology and educational industries), leadership, recruitment process outsourcing, staff acquisition, management consulting, project-based recruitment, non-executive and other professional recruitment services to private companies and government agencies worldwide.

Synergie S.A.

Synergie S.A. ("Synergie") was founded in 1984 in France. Synergie provides human resources management services in Europe and North America including temporary staff, recruiting, outplacement and consulting and training services.

Insperty

Insperty, Inc. ("Insperty") provides a range of human resources functions including payroll and employment administration, employee benefits, workers' compensation, government compliance, performance management and training and development services. The company was founded in 1986 in the United States. Insperty also provides other business performance solutions including human capital management, payroll services, organizational planning, recruiting services, employment screening, financial services, expense management, retirement services and insurance services.

Comparable Companies and Transactions Analysis										
Company	Principal Industry Sub-sector	Year end / Acquisition Date	Latest Bal. Sheet	Share Price	Market Capitalisation (A\$ millions)	Enterprise Value (A\$ millions)	EBITDA Multiple		EBIT Multiple	
							Historical	Current	Historical	Current
Chandler Macleod Group Limited - Low		30-Jun	31-Dec-14	AUD 0.46	253.00	358.02	9.0	8.8	7.3	10.0
Chandler Macleod Group Limited - High		30-Jun	31-Dec-14	AUD 0.53	288.02	392.04	9.9	9.7	8.0	11.0
Other selected recruitment and staffing services companies										
Hays plc	Recruitment and staff dispatch	30-Jun	30-Jun-14	£1.48	3,759.49	3,871.94	13.5	11.6	9.8	12.2
Kelly Services, Inc.	Staff dispatch/lease/placement	31-Dec	30-Sep-14	USD 15.43	667.64	710.22	7.7	10.8	5.9	16.6
On Assignment, Inc.	Staff dispatch/lease/placement	31-Dec	30-Sep-14	USD 31.62	1,898.00	2,327.01	12.0	10.2	9.4	11.7
Robert Half International, Inc.	Staff dispatch/lease/placement	31-Dec	30-Sep-14	USD 56.73	8,848.40	8,516.02	16.7	13.7	11.8	15.0
USG People NV	Staff dispatch/lease/placement	31-Dec	30-Sep-14	8.37 €	970.75	1,183.95	10.7	8.2	6.4	10.1
TrueBlue, Inc.	Staff dispatch/lease/placement	31-Dec	30-Sep-14	USD 20.24	987.26	1,155.17	11.5	8.6	6.8	10.0
Kforce, Inc.	Staff dispatch/lease/placement	31-Dec	30-Sep-14	USD 22.70	797.22	810.54	12.5	10.2	8.8	11.2
CDI Corporation	Staff dispatch/lease/placement	31-Dec	30-Sep-14	USD 16.59	373.19	326.94	7.8	7.3	6.9	9.4
Skilled Group Limited	Staff dispatch/lease/placement	30-Jun	30-Jun-14	AUD 1.27	298.83	446.02	4.8	4.4	4.1	4.7
Programmed Maintenance Services Limited	Maintenance and labor hire	31-Mar	31-Mar-14	AUD 2.39	283.69	321.42	5.2	5.1	4.6	5.5
Clarius Group Limited	Staff dispatch/lease/placement	30-Jun	30-Jun-14	AUD 0.27	24.19	21.69	(loss)	nc	nc	nc
Hudson Global, Inc.	Staff dispatch/lease/placement	31-Dec	30-Sep-14	USD 2.70	102.57	90.98	(loss)	(loss)	(loss)	nc
Harvey Nash Group plc	Recruitment/placement	31-Jun	31-Jul-14	£0.79	102.69	110.39	5.3	4.9	4.4	5.1
Michael Page International plc	Recruitment/placement	31-Dec	30-Jun-14	£4.60	2,550.80	2,473.98	16.1	14.1	11.3	12.3
Korn/Ferry International, Inc.	Recruitment/consulting	30-Apr	31-Jul-14	USD 28.79	1,675.13	1,200.40	9.1	7.5	6.6	7.9
Synergie S.A.	Recruitment/placement	31-Dec	30-Jun-14	18.85 €	647.77	645.33	6.8	5.3	4.8	5.1
Insperty, Inc.	Payroll and HR services	31-Dec	30-Sep-14	USD 35.88	1,041.85	783.16	8.5	9.5	8.5	11.1
Average (excluding outliers - see note below)							9.9	8.8	7.3	10.3
Median (excluding outliers - see note below)							9.1	8.6	6.8	10.1
Average of "staff dispatch" companies only							10.8	9.4	7.8	11.2
Average of "staff dispatch" companies excluding On Assignment and Robert Half International							9.8	8.7	7.0	10.6
Median of "staff dispatch" companies only							11.5	10.2	6.9	11.2

Comparable Companies and Transactions Analysis															
Company	PE Multiple		Revenue Multiple		NTA Multiple		Debt/ Equity Value	Debt/ MV Funds Employed	EBITDA Margin		EBITA Margin				
	Historical	Current	Forecast	Historical	Current	Forecast			Historical	Current	Forecast	Historical	Current	Forecast	
Chandler Macleod Group Limited - Low	16.2	18.1	13.1	0.25	0.26	0.25	7.0	39.7%	28.1%	2.8%	2.9%	3.4%	2.5%	2.6%	3.1%
Chandler Macleod Group Limited - High	18.4	20.6	14.9	0.28	0.28	0.27	7.7	34.9%	25.6%	2.8%	2.9%	3.4%	2.5%	2.6%	3.1%
Other selected recruitment and staffing services companies															
Hays plc	24.4	20.3	16.6	0.59	0.56	0.53	22.4	3.0%	2.9%	4.3%	4.9%	5.4%	4.1%	4.6%	5.2%
Kelly Services, Inc.	8.6	27.3	11.4	0.11	0.11	0.11	0.8	6.4%	6.0%	1.5%	1.0%	1.8%	1.1%	0.7%	1.4%
On Assignment, Inc.	31.4	22.3	19.1	1.24	1.09	1.01	11.7	22.6%	18.4%	10.4%	10.7%	10.7%	8.8%	9.3%	9.5%
Robert Half International, Inc.	30.6	25.4	21.7	1.75	1.58	1.45	15.4	(3.8%)	(3.9%)	10.5%	11.6%	12.3%	9.4%	10.6%	11.4%
USG People NV	55.5	16.8	11.2	0.36	0.35	0.53	nc	28.0%	23.0%	3.4%	4.3%	8.4%	2.6%	3.5%	7.1%
TrueBlue, Inc.	16.4	14.5	11.0	0.60	0.46	0.38	4.7	17.0%	14.5%	5.2%	5.3%	5.6%	4.3%	4.6%	5.0%
Workforce, Inc.	19.3	20.1	16.3	0.61	0.56	0.53	5.1	1.7%	1.6%	4.9%	5.5%	6.0%	4.4%	5.0%	5.5%
CDI Corporation	17.5	17.4	16.1	0.26	0.25	0.25	1.7	(12.7%)	(14.5%)	3.4%	3.5%	3.6%	2.6%	2.7%	2.9%
Skilled Group Limited	5.1	5.3	5.0	0.24	0.23	0.22	2.5	56.9%	38.1%	5.0%	5.2%	5.3%	4.6%	4.6%	4.7%
Programmed Maintenance Services Limited	9.7	8.7	8.1	0.22	0.22	0.22	1.7	14.9%	13.1%	4.3%	4.4%	4.7%	3.8%	3.8%	4.0%
Clarius Group Limited	nc	nc	nc	0.12	nc	nc	0.7	(10.3%)	(11.5%)	(loss)	nc	nc	(loss)	nc	nc
Hudson Global, Inc.	nc	nc	nc	0.12	0.14	0.13	1.7	(11.3%)	(12.7%)	(loss)	(loss)	(loss)	(loss)	(loss)	(loss)
Harvey Nash Group plc	8.9	8.3	7.2	0.09	0.08	0.08	3.3	7.5%	7.0%	1.7%	1.7%	1.8%	1.4%	1.4%	1.5%
Michael Page International plc	31.2	27.5	21.0	1.37	1.34	1.23	13.4	(3.0%)	(3.1%)	8.5%	9.5%	10.9%	7.5%	8.5%	10.0%
Korn/Ferry International, Inc.	17.9	17.9	14.9	1.09	1.01	0.94	17.9	(28.3%)	(39.5%)	12.0%	13.4%	14.4%	11.3%	12.8%	13.8%
Synergie S.A.	14.1	9.2	8.3	0.30	0.27	0.25	2.8	2.4%	2.4%	4.3%	5.0%	5.2%	4.0%	4.7%	4.9%
Insperty, Inc.	23.8	27.4	23.3	0.30	0.29	0.26	87.5	(24.8%)	(33.0%)	3.6%	3.0%	3.1%	2.7%	2.2%	2.4%
Average (excluding outliers - see note below)															
	21.0	17.9	14.1	0.55	0.53	0.51	12.1	6.6%	0.9%	5.5%	5.9%	6.6%	4.8%	5.3%	5.9%
Median (excluding outliers - see note below)															
	17.9	17.9	14.9	0.30	0.29	0.26	3.3	2.4%	2.4%	4.3%	5.0%	5.4%	4.1%	4.6%	5.0%
Average of "staff despatch" companies only															
	23.2	18.8	14.3	0.55	0.53	0.51	6.7	8.9%	5.6%	5.8%	5.8%	6.6%	4.6%	5.1%	5.8%
Average of "staff despatch" companies excluding On Assignment															
	21.0	17.4	12.5	0.34	0.33	0.33	5.0	8.7%	5.3%	4.0%	4.2%	5.1%	3.4%	3.7%	4.5%
Median of "staff despatch" companies only															
	19.3	20.1	16.1	0.36	0.35	0.38	2.5	3.0%	2.9%	4.9%	5.6%	5.2%	4.3%	4.6%	5.2%

Annexure C – Financial Services Guide

SUMNER HALL

Financial Services Guide

Financial Services Provided to Clients

Sumner Hall holds AFS License No. 231214 that authorizes the company to provide financial product advice on securities and interests in managed investment schemes.

Sumner Hall provides financial product advice when Sumner Hall is engaged to prepare an independent expert's report in relation to transactions involving mergers and acquisitions. In this case, Sumner Hall has been engaged by the Directors of CMG to provide general financial product advice in the form of an independent expert's report to be included in the Scheme Booklet prepared by CMG in relation to the CMG Scheme. Sumner Hall is not acting for anyone other than the Directors of CMG.

Sumner Hall does not accept instructions from retail clients. Sumner Hall does not receive any remuneration from retail clients for financial services. Sumner Hall does not provide any personal retail financial product advice to retail investors. Sumner Hall does not provide any market related advice to retail investors.

Responsibilities and General Advice

When providing an independent expert's report, Sumner Hall's client is the entity to which the report is provided which, in this case, is CMG. Sumner Hall receives its remuneration from that entity. No related body corporate of Sumner Hall, or any of the directors or employees of Sumner Hall or any of those related bodies corporate or any associates receives any remuneration or other benefit attributable to the preparation and provision of this report.

This report has been prepared for the Directors of CMG to assist in making their recommendation to shareholders in relation to the CMG Scheme. This report should not be used for any other purpose or by any other party. To the extent that this report is used by any party other than the Directors of CMG, this report would constitute general financial product advice only and has been prepared without taking into account the personal objectives, financial situation or other relevant criteria of shareholders. Shareholders should consider the appropriateness of the general financial product advice in this report having regard to their own circumstances before acting on the general financial product advice contained in this report. Shareholders should also consider all other parts of the Scheme Booklet before making any decisions in relation to the CMG Scheme.

Sumner Hall is responsible for this independent expert's report including this Financial Services Guide. Sumner Hall is not responsible for the Scheme Booklet or any other aspect of the CMG Scheme other than this independent expert's report. Comments, questions or complaints regarding the Scheme Booklet or any other aspect of the CMG Scheme other than this independent expert's report should not be directed to Sumner Hall because Sumner Hall is not responsible for that material. Sumner Hall will not respond in any way that might involve the provision of financial product advice to any retail investor.

Fees and Other Remuneration

Sumner Hall charges fees for preparing reports such as this report. These fees are usually agreed with, and paid by, the recipient of the report. These fees are sometimes agreed on a fixed fee basis and sometimes on a time and cost basis. In this case, CMG has agreed to pay Sumner Hall a fixed fee of \$75,000 for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the CMG Scheme. Sumner Hall's out-of-pocket expenses in relation to the preparation of this report will also be reimbursed. Sumner Hall and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this report.

Sumner Hall does not pay commissions or provide any other benefits to any person for referring customers or clients to Sumner Hall in connection with this report.

Conflicts of Interest

Sumner Hall is required to be independent of CMG in order to provide this report. The guidelines for independence when preparing an independent expert's report are set out in Regulatory Guide 112 published by ASIC.

Sumner Hall has not been involved in the formulation of the CMG Scheme. Sumner Hall's only role has been the preparation of this independent expert's report.

Sumner Hall and its related entities have not provided any services to CMG or Recruit Holdings over the past two years. Neither Sumner Hall and its related entities nor any individual involved in the preparation of this report holds a

SUMNER HALL

substantial interest in, or is a substantial creditor of CMG or Recruit Holdings or has any other material financial interest in the CMG Scheme.

Complaint Resolution

Complaints should be sent in writing to The Complaints Officer, Sumner Hall Associates Pty Ltd, 48 Darling Point Road, Darling Point, NSW, 2027. Written complaints will be recorded, acknowledged within five days and investigated. As soon as practical, and not more than 45 days after receipt, a response will be advised in writing.

If the complaint is not satisfactorily resolved, the matter can be referred to the Financial Ombudsman Service. Sumner Hall is a member of the Financial Ombudsman Service (Member No. 35589). This service is provided free of charge to the complainant. The Financial Ombudsman Service is an independent company that has been established to provide advice and assistance to help in resolving complaints relating to the financial services industry. Further details regarding the Financial Ombudsman Service are available at their website, www.fos.org.au, or by contacting them directly at Financial Ombudsman Service Limited, GPO Box 3, Melbourne, Victoria, 2001 or by telephone on 1 300 780 808.

Contact Details

Sumner Hall can be contacted as follows:

Sumner Hall Associates Pty Limited
48 Darling Point Road
Darling Point
NSW
2027

Telephone: (02) 9328-0475
Email: sumner.hall@bigpond.com
Web: www.sumnerhall.com

SUMNER HALL

Annexure 4

Scheme of Arrangement



HERBERT
SMITH
FREEHILLS

Project Blue

Scheme of arrangement – share scheme

Chandler Macleod Group Limited

Scheme Shareholders

ANZ Tower 161 Castlereagh Street Sydney NSW 2000 Australia
GPO Box 4227 Sydney NSW 2001 Australia

T +61 2 9225 5000 F +61 2 9322 4000
herbertsmithfreehills.com DX 361 Sydney



HERBERT
SMITH
FREEHILLS

Scheme of arrangement – share scheme

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth)

Between the parties

Chandler Macleod Group Limited
ABN 33 090 555 052
of Level 18, 363 George Street, Sydney, NSW 2000, Australia

The Scheme Shareholders

1 Definitions, interpretation and scheme components

1.1 Definitions

Schedule 1 contains definitions used in this Scheme.

1.2 Interpretation

Schedule 1 contains interpretation rules for this Scheme.

1.3 Scheme components

This Scheme includes any schedule to it.

2 Preliminary matters

- (a) Chandler Macleod is a public company limited by shares, registered in Western Australia, Australia and has been admitted to the official list of the ASX. Chandler Macleod Shares are quoted for trading on the ASX.
- (b) As at 17 February 2015, 547,985,086 Chandler Macleod Shares and 774,171 Chandler Macleod Options were on issue. Chandler Macleod has no other shares, options, performance rights or securities on issue and Chandler Macleod has not agreed to issue any other shares, options, performance rights or securities.
- (c) Recruit is a listed company limited by shares registered in Japan.
- (d) RGF, a wholly-owned Subsidiary of Recruit, is a company limited by shares registered in Victoria.



- (e) If this Scheme becomes Effective:
 - (1) Recruit and RGF must provide or procure the provision of the Scheme Consideration to the Scheme Shareholders in accordance with the terms of this Scheme and the Deed Poll; and
 - (2) all the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, must be transferred to RGF and Chandler Macleod will enter the name of RGF in the Share Register in respect of the Scheme Shares.
- (f) Chandler Macleod and Recruit have agreed, by executing the Implementation Deed, to implement this Scheme.
- (g) This Scheme attributes actions to Recruit and RGF but does not itself impose an obligation on them to perform those actions. Recruit and RGF have agreed, by executing the Deed Poll, to perform the actions attributed to them under this Scheme, including the provision or procuring the provision of the Scheme Consideration to the Scheme Shareholders.

3 Conditions

3.1 Conditions precedent

This Scheme is conditional on and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) all the conditions in clause 3.1 of the Implementation Deed (other than the condition in the Implementation Deed relating to Court approval of this Scheme) having been satisfied or waived in accordance with the terms of the Implementation Deed by 8.00am on the Second Court Date;
- (b) neither the Implementation Deed nor the Deed Poll having been terminated in accordance with their terms before 8.00am on the Second Court Date;
- (c) approval of this Scheme by the Court under paragraph 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under subsection 411(6) of the Corporations Act and agreed to by Recruit and Chandler Macleod;
- (d) such other conditions made or required by the Court under subsection 411(6) of the Corporations Act in relation to this Scheme and agreed to by Recruit and Chandler Macleod having been satisfied or waived; and
- (e) the orders of the Court made under paragraph 411(4)(b) (and, if applicable, subsection 411(6)) of the Corporations Act approving this Scheme coming into effect, pursuant to subsection 411(10) of the Corporations Act on or before the End Date (or any later date Chandler Macleod and Recruit agree in writing).

3.2 Certificate

- (a) Chandler Macleod and Recruit will provide to the Court on the Second Court Date a certificate, or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent in clauses 3.1(a) and 3.1(b) have been satisfied or waived.
- (b) The certificate referred to in clause 3.2(a) constitutes conclusive evidence that such conditions precedent were satisfied, waived or taken to be waived.



4 Implementation of this Scheme

4.1 Lodgement of Court orders with ASIC

Chandler Macleod must lodge with ASIC, in accordance with subsection 411(10) of the Corporations Act, an office copy of the Court order approving this Scheme as soon as possible and in any event by 5.00pm on the first Business Day after the day on which the Court approves this Scheme.

4.2 Transfer of Scheme Shares

On the Implementation Date:

- (a) subject to the provision of the Scheme Consideration in the manner contemplated by clause 5, the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, must be transferred to RGF, without the need for any further act by any Scheme Shareholder (other than acts performed by Chandler Macleod as attorney and agent for the Scheme Shareholders under clause 8.5), by:
 - (1) Chandler Macleod delivering to RGF a duly completed Scheme Transfer, executed on behalf of the Scheme Shareholders by Chandler Macleod, for registration; and
 - (2) RGF duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to Chandler Macleod for registration; and
- (b) immediately following receipt of the Scheme Transfer in accordance with clause 4.2(a)(2), Chandler Macleod must enter, or procure the entry of, the name of RGF in the Share Register in respect of all the Scheme Shares transferred to RGF in accordance with this Scheme.

5 Scheme Consideration

5.1 Provision of Scheme Consideration

- (a) RGF must, and Chandler Macleod must use its best endeavours to procure that RGF does, by no later than the Business Day before the Implementation Date, deposit in cleared funds an amount equal to the aggregate amount of the Scheme Consideration payable to each Scheme Shareholder, in an Australian dollar denominated trust account operated by Chandler Macleod as trustee for the Scheme Shareholders, (except that any interest on the amounts deposited (less bank fees and other charges) will be credited to RGF's account).
- (b) On the Implementation Date, subject to funds having been deposited in accordance with clause 5.1(a), Chandler Macleod must pay or procure the payment of the Scheme Consideration to each Scheme Shareholder from the trust account referred to in clause 5.1(a).
- (c) The obligations of Chandler Macleod under clause 5.1(b) will be satisfied by Chandler Macleod (in its absolute discretion):
 - (1) where a Scheme Shareholder has, before the Scheme Record Date, made a valid election in accordance with the requirements of the



Chandler Macleod Registry to receive dividend payments from Chandler Macleod by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election; or

- (2) otherwise, whether or not the Scheme Shareholder has made an election referred to in clause 5.1(c)(1), dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Scheme Shareholder by prepaid post to their Registered Address (as at the Scheme Record Date), such cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 5.2).
- (d) To the extent that, following satisfaction of Chandler Macleod's obligations under clause 5.1(b), there is a surplus in the amount held by Chandler Macleod as trustee for the Scheme Shareholders in the trust account referred to in that clause, that surplus must be paid by Chandler Macleod to RGF as soon as practicable (and, in any event, within 5 Business Days after the Implementation Date).

5.2 Joint holders

In the case of Scheme Shares held in joint names:

- (a) subject to clause 5.1(c), the Scheme Consideration is payable to the joint holders and any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to either, at the sole discretion of Chandler Macleod, the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders; and
- (b) any other document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of Chandler Macleod, the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders.

5.3 Unclaimed money

- (a) Chandler Macleod may cancel a cheque issued under this clause 5 if the cheque:
 - (1) is returned to Chandler Macleod; or
 - (2) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the period of 12 months commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Chandler Macleod (or the Chandler Macleod Registry) (which request may not be made until the date which is 5 Business Days after the Implementation Date), Chandler Macleod must reissue a cheque that was previously cancelled under this clause 5.3.
- (c) The *Unclaimed Money Act 1995* (NSW) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 7 of the *Unclaimed Money Act 1995* (NSW)).



5.4 Orders of a court or Government Agency

If written notice is given to Chandler Macleod (or the Chandler Macleod Registry) of an order or direction made by a court of competent jurisdiction or by another Government Agency that:

- (a) requires consideration to be provided to a third party in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable to that Scheme Shareholder by Chandler Macleod in accordance with this clause 5, then Chandler Macleod shall be entitled to procure that provision of that consideration is made in accordance with that order or direction; or
- (b) prevents Chandler Macleod from providing consideration to any particular Scheme Shareholder in accordance with clause 5, or the payment of such consideration is otherwise prohibited by applicable law, Chandler Macleod shall be entitled to retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Shareholder multiplied by the Scheme Consideration until such time as provision of the consideration in accordance with this clause 5 is permitted by that order or direction or otherwise by law.

6 Dealings in Chandler Macleod Shares

6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in Chandler Macleod Shares or other alterations to the Share Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the Share Register as the holder of the relevant Chandler Macleod Shares on or before the Scheme Record Date; and
- (b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received on or before the Scheme Record Date at the place where the Share Register is kept,

and Chandler Macleod must not accept for registration, nor recognise for any purpose (except a transfer to RGF pursuant to this Scheme and any subsequent transfer by RGF or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

6.2 Register

- (a) Chandler Macleod must register registrable transmission applications or transfers of the Scheme Shares in accordance with clause 6.1(b) before the Scheme Record Date; however, for the avoidance of doubt, nothing in this clause 6.2(a) requires Chandler Macleod to register a transfer that would result in a Chandler Macleod Shareholder holding a parcel of Chandler Macleod Shares that is less than a 'marketable parcel' (for the purposes of this clause 6.2(a) 'marketable parcel' has the meaning given in the Operating Rules).
- (b) If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them on or after the Scheme Record Date otherwise than pursuant to this Scheme, and any attempt to do so will



- have no effect and Chandler Macleod shall be entitled to disregard any such disposal.
- (c) For the purpose of determining entitlements to the Scheme Consideration, Chandler Macleod must maintain the Share Register in accordance with the provisions of this clause 6.2 until the Scheme Consideration has been paid to the Scheme Shareholders. The Share Register in this form will solely determine entitlements to the Scheme Consideration.
 - (d) All statements of holding for Chandler Macleod Shares (other than statements of holding in favour of RGF or any Excluded Shareholders) will cease to have effect after the Scheme Record Date as documents of title in respect of those shares and, as from that date, each entry current at that date on the Share Register (other than entries on the Share Register in respect of RGF or any Excluded Shareholder) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Chandler Macleod Shares relating to that entry.
 - (e) As soon as possible on or after the Scheme Record Date, and in any event within one Business Day after the Scheme Record Date, Chandler Macleod will ensure that details of the names, Registered Addresses and holdings of Chandler Macleod Shares for each Scheme Shareholder as shown in the Share Register are available to RGF in the form RGF reasonably requires.

7 Quotation of Chandler Macleod Shares

- (a) Chandler Macleod must apply to ASX to suspend trading on the ASX in Chandler Macleod Shares with effect from the close of trading on the Effective Date.
- (b) Subject to clause 7(c), on a date after the Implementation Date to be determined by RGF, Chandler Macleod must apply:
 - (1) for termination of the official quotation of Chandler Macleod Shares on the ASX; and
 - (2) to have itself removed from the official list of the ASX.
- (c) Chandler Macleod must not apply to have itself removed from the official list of the ASX until the Registry has confirmed in writing to both Chandler Macleod and RGF that the Share Register has been updated in accordance with clause 4.2(b) to record the name of RGF as the holder of all of the Scheme Shares.

8 General Scheme provisions

8.1 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions:

- (a) Chandler Macleod may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which Recruit has consented; and
- (b) each Scheme Shareholder agrees to any such alterations or conditions which counsel for Chandler Macleod has consented to.



8.2 Scheme Shareholders' agreements and warranties

- (a) Each Scheme Shareholder:
- (1) agrees to the transfer of their Chandler Macleod Shares together with all rights and entitlements attaching to those Chandler Macleod Shares in accordance with this Scheme;
 - (2) agrees to the variation, cancellation or modification of the rights attached to their Chandler Macleod Shares constituted by or resulting from this Scheme;
 - (3) agrees to, on the direction of RGF, destroy any share certificates relating to their Chandler Macleod Shares; and
 - (4) acknowledges that this Scheme binds Chandler Macleod and all Scheme Shareholders (including those who do not attend the Scheme Meeting or those who do not vote, or vote against this Scheme, at the Scheme Meeting).
- (b) Each Scheme Shareholder is taken to have warranted to Chandler Macleod and RGF on the Implementation Date, and appointed and authorised Chandler Macleod as its attorney and agent to warrant to RGF on the Implementation Date:
- (1) that all their Chandler Macleod Shares (including any rights and entitlements attaching to those shares) which are transferred under this Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and
 - (2) that they have full power and capacity to transfer their Chandler Macleod Shares to RGF together with any rights and entitlements attaching to those shares.

Chandler Macleod undertakes that it will provide such warranty to RGF as agent and attorney of each Scheme Shareholder.

8.3 Title to and rights in Scheme Shares

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to RGF will, at the time of transfer of them to RGF, vest in RGF free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.
- (b) Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 5, RGF will be beneficially entitled to the Scheme Shares to be transferred to it under this Scheme pending registration by Chandler Macleod of RGF in the Share Register as the holder of the Scheme Shares.



8.4 Appointment of sole proxy

Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 5, and until Chandler Macleod registers RGF as the holder of all Scheme Shares in the Share Register, each Scheme Shareholder:

- (a) is deemed to have appointed RGF as attorney and agent (and directed RGF in each such capacity) to appoint any director, officer, secretary or agent nominated by RGF as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution;
- (b) must not attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 8.4(a)); and
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as RGF reasonably directs.

8.5 Authority given to Chandler Macleod

Each Scheme Shareholder, without the need for any further act:

- (a) on the Effective Date, irrevocably appoints Chandler Macleod and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of enforcing the Deed Poll against Recruit and RGF, and Chandler Macleod undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against Recruit and RGF on behalf of and as agent and attorney for each Scheme Shareholder; and
- (b) on the Implementation Date, irrevocably appoints Chandler Macleod and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of executing any document or doing or taking any other act necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing the Scheme Transfer,

and Chandler Macleod accepts each such appointment. Chandler Macleod as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 8.5 to all or any of its directors, officers, secretaries or employees (jointly, severally or jointly and severally).

8.6 Binding effect of Scheme

This Scheme binds Chandler Macleod and all of the Scheme Shareholders (including those who did not attend the Scheme Meeting to vote on this Scheme, did not vote at the Scheme Meeting, or voted against this Scheme at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Chandler Macleod.

9 General

9.1 Stamp duty

RGF will:



- (a) pay all stamp duty and any related fines and penalties in respect of this Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under or in connection with this Scheme and the Deed Poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 9.1(a).

9.2 Consent

Each of the Scheme Shareholders consents to Chandler Macleod doing all things necessary or incidental to the implementation of this Scheme, whether on behalf of the Scheme Shareholders, Chandler Macleod or otherwise.

9.3 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Chandler Macleod, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Chandler Macleod's registered office or at the office of the Chandler Macleod Registry.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a Chandler Macleod Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9.4 Governing law

- (a) This Scheme is governed by the laws in force in New South Wales, Australia.
- (b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme. The parties irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

9.5 Further action

Chandler Macleod must do all things and execute all documents necessary to give full effect to this Scheme and the transactions contemplated by it.

9.6 No liability when acting in good faith

Each Scheme Shareholder agrees that neither Chandler Macleod, Recruit nor RGF nor any director, officer, secretary or employee of any of those companies shall be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.



Schedule 1

Definitions and interpretation

1 Definitions

The meanings of the terms used in this Scheme are set out below.

Term	Meaning
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
Business Day	a day on which banks are generally open for business in Sydney and Tokyo, excluding a Saturday, Sunday or public holiday in either city.
Chandler Macleod	Chandler Macleod Group Limited ABN 33 090 555 052.
Chandler Macleod Options	options to subscribe for Chandler Macleod Shares which were issued pursuant to Chandler Macleod's Senior Executive Option Plan approved by shareholders at Chandler Macleod's 2007 Annual General Meeting.
Chandler Macleod Registry	Boardroom Pty Limited ABN 14 003 209 836.
Chandler Macleod Share	a fully paid ordinary share in the capital of Chandler Macleod.
Chandler Macleod Shareholder	a person who is registered as the holder of a Chandler Macleod Share in the Share Register.
CHESS	the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited.



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Schedule 1 Definitions and interpretation

Term	Meaning
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Corporations Regulations	the <i>Corporations Regulations 2001</i> (Cth).
Court	the Federal Court of Australia or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Recruit and Chandler Macleod.
Deed Poll	the deed poll substantially in the form of Attachment 3 to the Implementation Deed under which Recruit and RGF each covenants in favour of the Scheme Shareholders to perform the obligations attributed to them under this Scheme.
Effective	when used in relation to this Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the Court order made under paragraph 411(4)(b) of the Corporations Act in relation to this Scheme.
Effective Date	the date on which this Scheme becomes Effective.
End Date	31 May 2015, or such other date as agreed in writing by Recruit and Chandler Macleod.
Excluded Shareholder	Recruit, RGF and any other Chandler Macleod Shareholder who, at any relevant time is a Recruit Group Member or any Chandler Macleod Shareholder to the extent that, at any relevant time, it holds Chandler Macleod Shares on behalf of, or for the benefit of, any Recruit Group Member.
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any state, or any other federal, state, provincial, local or other government, whether foreign or Australian.
Implementation Date	the 5 th Business Day after the Scheme Record Date, or such other date after the Scheme Record Date as the parties agree.
Implementation Deed	the scheme implementation deed dated 14 January 2015 between Chandler Macleod and Recruit relating to the implementation of this



Term	Meaning
	Scheme.
Listing Rules	the official listing rules of ASX.
Operating Rules	the official operating rules of ASX.
Recruit	Recruit Holdings Co., Ltd of 1-9-2 Marunouchi, Chiyoda-ku, Tokyo 100-6640 Japan.
Recruit Group	Recruit and each of its Subsidiaries and a reference to a 'Recruit Group Member' or 'a member of the Recruit Group' is to Recruit or any of its Subsidiaries.
RGF	RGF Staffing Melbourne two Pty Ltd ACN 603 568 387 of c/- Grant Thornton Australia Ltd, Level 1, 67 Greenhill Road, Wayville, South Australia, 5034, being a wholly owned Subsidiary of Recruit.
Registered Address	in relation to a Chandler Macleod Shareholder, the address shown in the Share Register as at the Scheme Record Date.
Scheme	this scheme of arrangement under Part 5.1 of the Corporations Act between Chandler Macleod and the Scheme Shareholders subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to by Chandler Macleod and Recruit.
Scheme Consideration	the consideration to be provided by Recruit to each Scheme Shareholder for the transfer to RGF of each Scheme Share, being for each Chandler Macleod Share held by a Scheme Shareholder as at the Scheme Record Date, an amount of A\$0.53.
Scheme Meeting	the meeting of Chandler Macleod Shareholders (other than Excluded Shareholders) ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Record Date	5.00pm on the 5th Business Day after the Effective Date or such other time and date as the parties agree.



Term	Meaning
Scheme Shares	all Chandler Macleod Shares held by the Scheme Shareholders as at the Scheme Record Date.
Scheme Shareholder	a holder of Chandler Macleod Shares recorded in the Share Register as at the Scheme Record Date (other than an Excluded Shareholder).
Scheme Transfer	a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of RGF as transferee, which may be a master transfer of all or part of the Scheme Shares.
Second Court Date	the first day on which an application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving this Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.
Share Register	the register of members of Chandler Macleod maintained by Chandler Macleod or Chandler Macleod Registry in accordance with the Corporations Act.
Subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act.

2 Interpretation

In this Scheme:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this Scheme;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this Scheme have a corresponding meaning;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;
- (f) a reference to a clause, party, part, schedule, attachment or exhibit is a reference to a clause or part of, and a party, schedule, attachment or exhibit to, this Scheme;
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or reenactments of any of them;



- (h) a reference to a document (including this Scheme) includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to '\$', 'A\$' or 'dollar' is to Australian currency unless denominated otherwise;
- (j) a reference to any time is, unless otherwise indicated, a reference to that time in Sydney;
- (k) a term defined in or for the purposes of the Corporations Act has the same meaning when used in this Scheme;
- (l) a reference to a party to a document includes that party's successors and permitted assignees;
- (m) no provision of this Scheme will be construed adversely to a party because that party was responsible for the preparation of this Scheme or that provision;
- (n) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (o) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally; and
- (p) a reference to a body, other than a party to this Scheme (including an institute, association or authority), whether statutory or not:
 - (1) which ceases to exist; or
 - (2) whose powers or functions are transferred to another body,is a reference to the body which replaces it or which substantially succeeds to its powers or functions.

3 Interpretation of inclusive expressions

Specifying anything in this Scheme after the words 'include' or 'for example' or similar expressions does not limit what else is included.

4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

Annexure 5

Deed Poll



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Deed

Share scheme deed poll

Recruit Holdings Co., Ltd

RGF Staffing Melbourne two Pty Ltd

ANZ Tower 161 Castlereagh Street Sydney NSW 2000 Australia
GPO Box 4227 Sydney NSW 2001 Australia

T +61 2 9225 5000 F +61 2 9322 4000
herbertsmithfreehills.com DX 361 Sydney



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SMITH
FREEHILLS

Share scheme deed poll

Date ►

This deed poll is made

By	Recruit Holdings Co., Ltd of 1-9-2 Marunouchi, Chiyoda-ku, Tokyo 100-6640, Japan (Recruit) and RGF Staffing Melbourne two Pty Ltd ACN 603 568 387 of c/- Grant Thornton Australia Ltd, Level 1, 67 Greenhill Road, Wayville, South Australia, 5034, Australia (RGF)
in favour of	each person registered as a holder of fully paid ordinary shares in Chandler Macleod in the Chandler Macleod Share Register as at the Scheme Record Date (other than the Excluded Shareholders).
Recitals	<ol style="list-style-type: none">1 Chandler Macleod and Recruit entered into the Implementation Deed.2 In the Implementation Deed, Recruit agreed to make this deed poll and to procure that RGF make this deed poll.3 Recruit and RGF are making this deed poll for the purpose of covenanting in favour of the Scheme Shareholders to perform their obligations under the Implementation Deed and the Scheme.

This deed poll provides as follows:

1 Definitions and interpretation

1.1 Definitions

(a) The meanings of the terms used in this deed poll are set out below.

Term	Meaning
Chandler Macleod	Chandler Macleod Group Limited ABN 33 090 555 052.



Term	Meaning
First Court Date	the first day on which an application made to the Court for an order under subsection 411(1) of the Corporations Act convening the Scheme Meeting to consider the Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.
Implementation Deed	the scheme implementation deed entered into by Chandler Macleod and Recruit on 14 January 2015.
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between Chandler Macleod and the Scheme Shareholders, the form of which is set out in Attachment 2 to the Implementation Deed, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to by Recruit and Chandler Macleod.

- (b) Unless the context otherwise requires, terms defined in the Scheme have the same meaning when used in this deed poll.

1.2 Interpretation

Sections 2, 3 and 4 of Schedule 1 of the Scheme apply to the interpretation of this deed poll, except that references to 'this Scheme' are to be read as references to 'this deed poll'.

1.3 Nature of deed poll

Recruit and RGF acknowledge that:

- (a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and
- (b) under the Scheme, each Scheme Shareholder irrevocably appoints Chandler Macleod and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this deed poll against Recruit and RGF.

2 Conditions to obligations

2.1 Conditions

This deed poll and the obligations of Recruit and RGF under this deed poll are subject to the Scheme becoming Effective.



2.2 Termination

The obligations of Recruit and RGF under this deed poll to the Scheme Shareholders will automatically terminate and the terms of this deed poll will be of no force or effect if:

- (a) the Implementation Deed is terminated in accordance with its terms; or
- (b) the Scheme is not Effective on or before the End Date,

unless Recruit, RGF and Chandler Macleod otherwise agree in writing.

2.3 Consequences of termination

If this deed poll terminates under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) Recruit and RGF are released from their obligations to further perform this deed poll; and
- (b) each Scheme Shareholder retains the rights they have against Recruit and RGF in respect of any breach of this deed poll which occurred before it was terminated.

3 Scheme obligations

3.1 Undertaking to pay Scheme Consideration

Subject to clause 2, each of Recruit and RGF undertakes in favour of each Scheme Shareholder to:

- (a) deposit, or procure the deposit of, in cleared funds, by no later than the Business Day before the Implementation Date, an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders under the Scheme into an Australian dollar denominated trust account operated by Chandler Macleod as trustee for the Scheme Shareholders, except that any interest on the amounts deposited (less bank fees and other charges) will be credited to RGF's account; and
- (b) undertake all other actions attributed to it under the Scheme, subject to and in accordance with the terms of the Scheme.

4 Warranties

Each of Recruit and RGF represents and warrants in favour of each Scheme Shareholder, in respect of itself, that:

- (a) it is a corporation validly existing under the laws of its place of registration;
- (b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the



performance of this deed poll and to carry out the transactions contemplated by this deed poll;

- (d) this deed poll is valid and binding on it and enforceable against it in accordance with its terms; and
- (e) this deed poll does not conflict with, or result in the breach of or default under, any provision of its constitution, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound.

5 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) Recruit and RGF have fully performed their obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.

6 Notices

6.1 Form of Notice

A notice or other communication in respect of this deed poll (**Notice**) must be:

- (a) in writing and in English and signed by or on behalf of the sending party; and
- (b) addressed to Recruit and RGF in accordance with the details set out below (or any alternative details nominated by Recruit or RGF by Notice).

Attention	Naoya Miyamoto and Graeme Maude
------------------	---------------------------------

Address	8-4-17 Ginza, Chuo-ku, Tokyo 104-0061 Japan
----------------	---

Fax no	+81-3-6834-8835
---------------	-----------------

6.2 How Notice must be given and when Notice is received

- (a) A Notice must be given by one of the methods set out in the table below.
- (b) A Notice is regarded as given and received at the time set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee's time) on a Business Day (**business hours period**), then the Notice will instead be regarded as given and received at the start of the following business hours period.



Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By pre-paid post to the nominated address	At 9.00am (addressee's time) on the second Business Day after the date of posting
By fax to the nominated fax number	<p>At the time indicated by the sending party's transmission equipment as the time that the fax was sent in its entirety.</p> <p>However, if the recipient party informs the sending party within 4 hours after that time that the fax transmission was illegible or incomplete, then the Notice will not be regarded as given or received. When calculating this 4 hour period, only time within a business hours period is to be included.</p>

6.3 Notice must not be given by email or other electronic communication

A Notice must not be given by email or other electronic means of communication (other than fax as permitted in clause 6.2).

7 General

7.1 Stamp duty

Recruit and RGF:

- (a) will pay all stamp duty and any related fines and penalties in respect of the Scheme and this deed poll, the performance of this deed poll and each transaction effected by or made under the Scheme and this deed poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 7.1(a).

7.2 Governing law and jurisdiction

- (a) This deed poll is governed by the law in force in New South Wales, Australia.
- (b) Recruit and RGF irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed poll. Recruit and RGF irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.



7.3 Waiver

- (a) Recruit and RGF may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver.
- (b) No Scheme Shareholder may rely on words or conduct of Recruit or RGF as a waiver of any right unless the waiver is in writing and signed by the Recruit or RGF, as appropriate.
- (c) The meanings of the terms used in this clause 7.3 are set out below.

Term	Meaning
conduct	includes delay in the exercise of a right.
right	any right arising under or in connection with this deed poll and includes the right to rely on this clause.
waiver	includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

7.4 Variation

A provision of this deed poll may not be varied unless:

- (a) if before the First Court Date, the variation is agreed to by Chandler Macleod; or
- (b) if on or after the First Court Date, the variation is agreed to by Chandler Macleod and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event Recruit and RGF will enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.

7.5 Cumulative rights

The rights, powers and remedies of Recruit, RGF and the Scheme Shareholders under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

7.6 Assignment

- (a) The rights created by this deed poll are personal to Recruit, RGF and each Scheme Shareholder and must not be dealt with at law or in equity without the prior written consent of Recruit.
- (b) Any purported dealing in contravention of clause 7.6(a) is invalid.

7.7 Joint and several obligations

Recruit and RGF are jointly and severally liable for each obligation imposed on both of them by the terms of this deed poll.



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7 General

7.8 Further action

Recruit and RGF must, at their own expense, do all things and execute all documents necessary to give full effect to this deed poll and the transactions contemplated by it.



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Signing page

Executed as a deed poll

Signed, sealed and delivered by
Recruit Holdings Co., Ltd
by its duly authorised representative

sign here ► _____
Authorised representative

print name _____

Signed, sealed and delivered by
RGF Staffing Melbourne two Pty Ltd
by

sign here ► _____
Director

print name _____

sign here ► _____
Director / Company Secretary

print name _____

Annexure 6

Notice of Scheme Meeting

Chandler Macleod Group Limited ACN 090 555 052 (**Chandler Macleod**)

Notice is hereby given that, by an order of the Federal Court of Australia made on 20 February 2015, pursuant to subsection 411(1) of the Corporations Act, a meeting of Chandler Macleod Shareholders (other than Excluded Shareholders) will be held at Level 18, 363 George Street, Sydney, New South Wales, Australia on Wednesday, 25 March 2015, commencing at 9:00 am (Sydney time).

Purpose of the meeting

The purpose of the meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without amendment or any alterations or conditions required by the Court to which Chandler Macleod and Recruit agree) proposed to be made between Chandler Macleod and Chandler Macleod Shareholders (other than Excluded Shareholders) (the **Scheme**).

A copy of the Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet, of which this notice forms part.

Scheme Resolution

The meeting will be asked to consider and, if thought fit, pass (with or without amendment) the following resolution (the **Scheme Resolution**):

‘That, pursuant to and in accordance with the provisions of section 411 of the *Corporations Act 2001* (Cth), the scheme of arrangement proposed between Chandler Macleod Group Limited and the holders of its ordinary shares (other than Excluded Shareholders), as contained in and more particularly described in the Scheme Booklet of which the notice convening this meeting forms part, is agreed to, with or without alterations or conditions as approved by the Federal Court of Australia to which Chandler Macleod Group Limited and Recruit Holdings Co., Ltd. agree.’

Chair

The Court has directed that Richard England is to act as chair of the meeting (and that, if Richard England is unable or unwilling to attend, Elizabeth Crouch is to act as chair of the meeting) and has directed the chair to report the result of the Scheme Resolution to the Court.

Dated 20 February 2015

By order of the Court and the Chandler Macleod Board

sign here



Company Secretary

print name Morgan Sloper

Explanatory notes

1 General

This notice of meeting relates to the Scheme and should be read in conjunction with Chandler Macleod's scheme booklet dated on or about the date of this notice of meeting (the **Scheme Booklet**) of which this notice forms part. The Scheme Booklet contains important information to assist you in determining how to vote on the Scheme Resolution.

A copy of the Scheme is set out in Annexure 4 of the Scheme Booklet.

Capitalised terms used but not defined in this notice have the defined meanings set out in Section 10 of the Scheme Booklet, unless the context otherwise requires.

2 Shareholder approval

For the proposed Scheme to be binding in accordance with section 411 of the Corporations Act, the Scheme Resolution must be agreed to by:

- unless the Court orders otherwise, a majority in number of Chandler Macleod Shareholders (other than Excluded Shareholders) present and voting (either in person or by proxy, attorney or, in the case of corporate Chandler Macleod Shareholders, body corporate representative) at the Scheme Meeting; and
- at least 75% of the votes cast on the Scheme Resolution (either in person or by proxy, attorney or, in the case of corporate Chandler Macleod Shareholders, body corporate representative).

3 Court approval

Under paragraph 411(4)(b) of the Corporations Act, the Scheme (with or without amendment or any alteration or condition required by the Court) is subject to the approval of the Court. If the Scheme Resolution is passed by the requisite majorities and the other Conditions Precedent to the Scheme (other than approval by the Court) are satisfied or waived by the time required under the Scheme, Chandler Macleod intends to apply to the Court for the necessary orders to give effect to the Scheme.

In order for the Scheme to become Effective, it must be approved by the Court and an office copy of the orders of the Court approving the Scheme must be lodged with ASIC.

4 Entitlement to vote

It has been determined that the time for determining eligibility to vote at the Scheme Meeting is 7:00 pm (Sydney time) on Monday, 23 March 2015. Only those Chandler Macleod Shareholders (other than Excluded Shareholders) entered on the Chandler Macleod Share Register at that time will be entitled to attend and vote at the meeting, either in person, by proxy or attorney, or in the case of a corporate Chandler Macleod Shareholder, by a body corporate representative. The remaining comments in these explanatory notes are addressed to Chandler Macleod Shareholders entitled to attend and vote at the meeting.

5 How to vote

Voting will be conducted by poll.

If you are a Chandler Macleod Shareholder entitled to vote at the meeting, you may vote by:

- attending and voting in person;
- appointing one or two proxies to attend and vote on your behalf, using the proxy form that accompanied the Scheme Booklet (which may be lodged online);
- appointing an attorney to attend and vote on your behalf, using a power of attorney; or
- in the case of a body corporate, appointing a body corporate representative to attend the meeting and vote on your behalf, using a certificate of appointment of body corporate representative.

6 Attendance

If you or your proxies, attorneys or representative(s) plan to attend the meeting, please arrive at the venue at least 30 minutes before the scheduled time for commencement of the meeting, so that your shareholding can be checked against the Chandler Macleod Share Register, any power of attorney or certificate of appointment of body corporate representative verified, and your attendance noted.

7 Jointly held securities

If you hold Chandler Macleod Shares jointly with one or more persons, only one of you may vote. If more than one of you attempts to vote in person at the meeting, only the vote of the holder whose name appears first on the Chandler Macleod Share Register will be counted.

See also the comments in paragraph 8.2 below regarding the appointment of a proxy by persons who jointly hold Chandler Macleod Shares.

8 Voting

8.1 Voting in person

To vote in person, you must attend the meeting.

Eligible Chandler Macleod Shareholders who wish to attend and vote at the meeting in person will be admitted and given a voting card at the point of entry to the meeting, once they have disclosed their name and address.

8.2 Voting by proxy

You may appoint one or two proxies. Your proxy need not be another Chandler Macleod Shareholder. Each proxy will have the right to vote on the poll and also to speak at the meeting.

To appoint a proxy, you should complete and return the proxy form that accompanied the Scheme Booklet in accordance with the instructions on that form. You must deliver the signed and completed proxy form to the Chandler Macleod Share Registry by 9:00 am (Sydney time) on Monday, 23 March 2015 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

(a) Online:

at www.votingonline.com.au/chandlergm2015 using your SRN/HIN number (as applicable) along with the VAC number noted on the front of your proxy form, and by following the instructions on that website.

(b) by post in the provided reply paid envelope to the Chandler Macleod Share Registry:

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
Australia

(c) by hand delivery to the Chandler Macleod Share Registry:

Boardroom Pty Limited
Level 7, 207 Kent Street
Sydney NSW 2000
Australia

(d) by fax to the Chandler Macleod Share Registry on:

+61 2 9290 9655 (within and outside of Australia)

Proxy forms received after this time will be invalid.

If a proxy form is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed proxy form unless the power of attorney or other authority has previously been noted by the Chandler Macleod Share Registry.

A vote given in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless notice in writing of the revocation has been received by the Chandler Macleod Share Registry by 9:00 am (Sydney time) on Monday, 23 March 2015 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the ways described in paragraphs 8.2(b), 8.2(c) or 8.2(d) above.

If you wish to appoint a second proxy, a second proxy form should be used and you should clearly indicate on the second proxy form that it is a second proxy and not a revocation of your first proxy. Both proxy forms should be returned together in the same envelope. You can obtain a second proxy form from the Chandler Macleod Share Registry.

If you appoint two proxies, each proxy should be appointed to represent a specified proportion of your voting rights. If you do not specify the proportions in the proxy forms, each proxy may exercise half of your votes with any fractions of votes disregarded.

If you hold Chandler Macleod Shares jointly with one or more other persons, in order for your proxy appointment to be valid, each of you must sign the proxy form.

You should consider how you wish your proxy to vote. That is, whether you want your proxy to vote 'for' or 'against', or abstain from voting on, the Scheme Resolution, or whether to leave the decision to the proxy after he or she has considered the matters discussed at the meeting.

If you do not direct your proxy how to vote on an item of business, the proxy may vote, or abstain from voting, as he or she thinks fit. If you instruct your proxy to abstain from voting on an item of business, he or she is directed not to vote on your behalf, and the shares the subject of the proxy appointment will not be counted in computing the required majority.

If you return your proxy form:

- without identifying a proxy on it, you will be taken to have appointed the chair of the meeting as your proxy to vote on your behalf; or
- with a proxy identified on it but your proxy does not attend the meeting, the chair of the meeting will act in place of your nominated proxy and vote in accordance with any directions on your proxy form.

The chair of the meeting intends to vote all valid undirected proxies which nominate the chair in favour of the Scheme Resolution, in the absence of a Superior Proposal.

Proxies of eligible Chandler Macleod Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting written evidence of their name and address.

Your appointment of a proxy does not preclude you from attending in person, revoking the proxy and voting at the meeting.

Replacement proxy forms can be obtained from the Chandler Macleod Share Registry.

8.3 Voting by attorney

You may appoint an attorney to attend and vote at the meeting on your behalf. Your attorney need not be another Chandler Macleod Shareholder. Each attorney will have the right to vote on the poll and also to speak at the meeting.

The power of attorney appointing your attorney to attend and vote at the meeting must be duly executed by you and specify your name, the company (that is, Chandler Macleod), and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.

The power of attorney, or a certified copy of the power of attorney, should be lodged at the registration desk on the day of the meeting or be received by the Chandler Macleod Share Registry by 9:00 am (Sydney time) on Monday, 23 March 2015 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

(a) by post in the provided reply paid envelope to the Chandler Macleod Share Registry:

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
Australia

(b) by hand delivery to the Chandler Macleod Share Registry:

Boardroom Pty Limited
Level 7, 207 Kent Street
Sydney NSW 2000
Australia

(c) by fax to the Chandler Macleod Share Registry on:

+61 2 9290 9655 (within and outside of Australia)

Attorneys of eligible Chandler Macleod Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address, and the name of their appointors.

Your appointment of an attorney does not preclude you from attending in person and voting at the meeting.

8.4 Voting by corporate representative

If you are a body corporate, you may appoint an individual to act as your body corporate representative. The appointment must comply with the requirements of section 250D of the Corporations Act, meaning that Chandler Macleod will require a certificate of appointment of body corporate representative to be executed by you in accordance with the Corporations Act. A form of certificate may be obtained from the Chandler Macleod Share Registry by calling 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) Monday to Friday between 9:00 am to 5:00 pm (Sydney time). The certificate of appointment may set out restrictions on the representative's powers.

The certificate should be lodged at the registration desk on the day of the meeting or received by the Chandler Macleod Share Registry before 9:00 am (Sydney time) on Monday, 23 March 2015 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

(1) by post in the provided reply paid envelope to the Chandler Macleod Share Registry:

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
Australia

(2) by hand delivery to the Chandler Macleod Share Registry:

Boardroom Pty Limited
Level 7, 207 Kent Street
Sydney NSW 2000
Australia

(3) by fax to the Chandler Macleod Share Registry on:

+61 2 9290 9655 (within and outside of Australia)

If a certificate is completed by an individual or corporation under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed certificate unless the power of attorney or other authority has previously been noted by the Chandler Macleod Share Registry.

Body corporate representatives of eligible Chandler Macleod Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address and the name of their appointors.

9 Advertisement

Where this notice of meeting is advertised unaccompanied by the Scheme Booklet, a copy of the Scheme Booklet can be obtained by anyone entitled to attend the meeting from the ASX website (www.asx.com.au) or by contacting the Company Secretary of Chandler Macleod or the Chandler Macleod Share Registry.

Corporate directory

Chandler Macleod

Level 18
363 George Street
Sydney NSW 2000

Financial Adviser

Moelis Australia Advisory Pty Limited
Level 27, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

Chandler Macleod Share Registry

Boardroom Pty Limited
Level 7
207 Kent Street
Sydney NSW 2000

Legal Adviser

Herbert Smith Freehills
Level 34, ANZ Tower
161 Castlereagh Street
Sydney NSW 2000

Stock Exchange Listing

Chandler Macleod ordinary shares are quoted by the Australian Securities Exchange (ASX: CMG)

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For personal use only

For personal use only

All Correspondence to:

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

Level 7, 207 Kent Street,
Sydney NSW 2000 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600



Name/Address 1
Name/Address 2
Name/Address 3
Name/Address 4
Name/Address 5
Name/Address 6

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 9:00am (Sydney time) on Monday, 23 March 2015.**

🖨 TO LODGE YOUR PROXY ONLINE

📱 BY SMARTPHONE

- STEP 1: VISIT** www.votingonline.com.au/chandlergm2015
STEP 2: Enter your holding/investment type: SR_Type_Desc
STEP 3: Enter your Reference Number: SR_XXXXXXXXX
STEP 4: Enter your VAC: VAC_XX

PLEASE NOTE: For security reasons it is important you keep the above information confidential.



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE SCHEME MEETING PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the Scheme Meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the Scheme Meeting and vote. If you wish to appoint a second proxy, an additional Scheme Meeting Proxy Form may be obtained by contacting the Chandler Macleod Share Registry or you may copy this form.

To appoint a second proxy you must:

(a) complete two Scheme Meeting Proxy Forms. On each Scheme Meeting Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

(b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the Scheme Meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the Chandler Macleod Share Registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the Chandler Macleod Share Registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a Company Secretary, a Sole Director can also sign alone. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Scheme Meeting Proxy Forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the Scheme Meeting, therefore by **9:00am (Sydney time) on Monday, 23 March 2015.** Any Scheme Meeting Proxy Form received after that time will not be valid for the scheduled Scheme Meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

💻 **Online** www.votingonline.com.au/chandlergm2015

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

👤 **In Person** Level 7, 207 Kent Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the Scheme Meeting please bring this form with you to assist registration.

Chandler Macleod Group Limited

ACN 090 555 052

XXXXXXXXXXXXX
S_XXXXXXXXXXXXX

☐ Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

SCHEME MEETING PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Chandler Macleod Group Limited** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting** (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Scheme Meeting to be held at **Level 18, 363 George Street, Sydney, New South Wales, Australia on Wednesday, 25 March, 2015 at 9:00am (Sydney time)** and at any adjournment of that Scheme Meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting intends to vote undirected proxies in favour of the item of business.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

Resolution 1

That, pursuant to and in accordance with the provisions of section 411 of the *Corporations Act 2001* (Cth), the scheme of arrangement proposed between Chandler Macleod Group Limited and the holders of its ordinary shares (other than Excluded Shareholders), as contained in and more particularly described in the Scheme Booklet of which the notice convening this meeting forms part, is agreed to, with or without alterations or conditions as approved by the Federal Court of Australia to which Chandler Macleod Group Limited and Recruit Holdings Co., Ltd. agree.

For Against Abstain*

☐☐☐

STEP 3 SIGNATURE OF SHAREHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2015