



ABN 23 063 332 516  
6 MacAdam Place, Balcatta  
Western Australia 6021  
Telephone: 08 9344 2416  
Fax: 08 9345 4688  
Email: [manager@ammtec.com.au](mailto:manager@ammtec.com.au)

17 September 2010

The Manager  
Company Announcements Office  
ASX Limited

**By electronic lodgement**

Dear Sir / Madam

**AMMTEC LTD (ASX: AEC) – TAKEOVER BID BY AUSTRALIAN LABORATORY SERVICES PTY LTD –  
FOURTH SUPPLEMENTARY TARGET'S STATEMENT**

We **enclose**, by way of service pursuant to section 647(3) of the *Corporations Act* 2001 (Cth), a copy of a fourth supplementary target's statement of Ammtec Ltd ACN 063 332 516 (**Ammtec**) in response to the off-market takeover bid by Australian Laboratory Services Pty Ltd ACN 009 936 029 (**Bidder**) for all of the fully paid ordinary shares in Ammtec (**Offer**) (**Fourth Supplementary Target's Statement**).

The Fourth Supplementary Target's Statement supplements and should be read together with the Target's Statement dated 23 July 2010, the Supplementary Target's Statement dated 6 August 2010, the Second Supplementary Target's Statement dated 16 August 2010 and the Third Supplementary Target's Statement dated 3 September 2010 in relation to the Offer.

The Fourth Supplementary Target's Statement has been lodged with ASIC and served on the Bidder today.

Yours faithfully

A handwritten signature in black ink, appearing to be "S. Long", enclosed within a hand-drawn oval.

**Sharyn Long**  
**Company Secretary**

Encl.



## Fourth Supplementary Target's Statement

This document is a Supplementary Target's Statement dated 17 September 2010 under section 644 of the Corporations Act (**Fourth Supplementary Target's Statement**) and was lodged with ASIC on 17 September 2010. Neither ASIC nor any of its officers takes any responsibility for the content of this Fourth Supplementary Target's Statement.

This Fourth Supplementary Target's Statement is issued by Ammtec Ltd ACN 063 332 516 (**Ammtec** or the **Company**) in relation to a revised off-market bid by Australian Laboratory Services Pty Ltd ABN 78 000 527 382 (**ALS**) to acquire all of the issued shares in Ammtec, as set out in the Fifth Supplementary Bidder's Statement dated 17 September 2010 (**Fifth Supplementary Bidder's Statement**).

This Fourth Supplementary Target's Statement supplements and should be read together with the Target's Statement dated 23 July 2010 (**Target's Statement**), the Supplementary Target's Statement dated 6 August 2010 (**Supplementary Target's Statement**), the Second Supplementary Target's Statement dated 16 August 2010 (**Second Supplementary Target's Statement**) and the Third Supplementary Target's Statement dated 3 September 2010 (**Third Supplementary Target's Statement**) in relation to the Offer.

Unless the context otherwise requires, terms defined in the Target's Statement have the same meaning in this Fourth Supplementary Target's Statement.

On the basis of the information outlined in the documents described above, the Directors unanimously recommend that Ammtec Shareholders **ACCEPT** the Revised Offer in the absence of a superior proposal.

Legal Advisers

**STEINPREIS PAGANIN**  
Lawyers & Consultants 

Corporate Adviser

 **Azure Capital**

**This is an important document.** If you do not understand this document or you are in doubt as to how to act you should consult your lawyer, accountant, stockbroker or other professional adviser.

**If you have any queries in relation to the Offer or your Directors' recommendation,** you can call the Shareholder information line on 1800 810 869 within Australia or +61 2 8280 7179 from overseas, between 7:30am to 7:30pm (EST), Monday to Friday.

## Background

On 19 July 2010, Campbell Brothers Limited, through its wholly owned subsidiary, Australian Laboratory Services Pty Ltd (**ALS**), made an offer to acquire all of Ammtec's Shares (**Initial Offer**).

On 30 August 2010, ALS varied the Initial Offer by increasing the offer consideration (**Second Offer**).

Both the Initial Offer and Second Offer were not recommended by Ammtec's Directors.

On 13 September 2010, ALS announced a further increase to the Second Offer (being the **Revised Offer**). Ammtec's Directors now recommend the Revised Offer, in the absence of a superior proposal.

## Revised Offer

The Revised Offer comprises either:

- \$3.85 cash for each Ammtec Share (**Revised Cash Offer**); or
- 4 Campbell Brothers Shares for every 33 Ammtec Shares (**Revised Share Offer**), implying a value of \$3.89 per Ammtec Share<sup>1</sup>,

(**Revised Offer Consideration**), plus ALS will consent to Ammtec paying:

- an \$0.11 per Share fully franked FY2010 final dividend (**Final Dividend**); and
- a \$0.10 per Share fully franked special dividend (**Special Dividend**),

without decreasing the Revised Offer Consideration.

Eligible Ammtec Shareholders may also benefit from up to \$0.09 per Share in franking credits for a total potential value of up to \$4.15 under the Revised Cash Offer and \$4.19 under the alternative Revised Share Offer.

Compared to the Second Offer, the Revised Cash Offer represents an increase of up to \$0.35 per Share<sup>2</sup> and the Revised Share Offer represents an increase of up to \$0.30 per Share.<sup>3</sup>

Consideration under the Revised Offer will be final, in the absence of a superior proposal.

**The Closing Date of the Revised Offer is currently 5:00pm Perth time on 13 October 2010 (unless extended).**

---

<sup>1</sup> Based on closing Campbell Brothers Share price of \$32.06 as at 13 September 2010 as per Bloomberg and Revised Share Offer ratio of 4 Campbell Brothers Shares for every 33 Ammtec Shares.

<sup>2</sup> Being \$0.05 cash per Share, the Final Dividend of \$0.11 per Share, the Special Dividend of \$0.10 per Share and franking credits attaching to the dividends of \$0.09 per Share. For Shareholders who will derive no benefit from the franking credits, the Revised Cash Offer represents an increase of \$0.26 per Share compared to the Initial Cash Offer.

<sup>3</sup> Being the Final Dividend of \$0.11 per Share, the Special Dividend of \$0.10 per Share and franking credits attaching to the dividends of \$0.09 per Share. For Shareholders who will derive no benefit from the franking credits, the Revised Share Offer represents an increase of \$0.21 per Share compared to the Initial Share Offer.

## Dividend Terms and Termination of Dividend Reinvestment Plan

The record date for the Final Dividend has been brought forward from 15 October 2010 to **24 September 2010**. The record date for the Special Dividend is also **24 September 2010**. To enable Shareholders to accept the Revised Offer before 24 September 2010 and still receive these dividends, ALS will not declare the Revised Offer unconditional prior to 24 September 2010, other than in the event of a competing proposal, in which case it will undertake not to register any transfers in respect of the shares of accepting Ammtec shareholders until after 24 September 2010.

The Final Dividend and the Special Dividend will be paid on 29 October 2010, regardless of the status of the Revised Offer at that time.

On 13 September 2010, Ammtec and ALS announced that payment of the Special Dividend would be contingent on ALS declaring the Revised Offer unconditional. **Ammtec Shareholders should note that this condition has now been waived, and the Special Dividend (together with the Final Dividend) will be paid on 29 October 2010, regardless of the status of the Revised Offer at that time.**

On 13 August 2010, the Directors noted that they would make a decision on continuation of the Dividend Reinvestment Plan in due course<sup>4</sup>. The Directors wish to clarify that the Dividend Reinvestment Plan has been suspended and will not apply in respect of either the Final Dividend or the Special Dividend.

## Conditions

The Revised Offer is subject to a 90% minimum acceptance condition and other conditions as detailed in section 10.8 of Campbell Brothers' Bidder's Statement dated 5 July 2010.

ALS has stated that, if it receives sufficient acceptances to increase its interest in Ammtec to at least 90%, then it will:

- declare the Revised Offer unconditional; and
- accelerate payment of consideration under the Revised Offer to 5 business days of receipt of the acceptance (or within 5 business days of declaring the Offer unconditional for Shareholders that have already accepted).

---

### BOARD RECOMMENDATION – ACCEPT THE REVISED OFFER

---

Ammtec's Board of Directors has unanimously resolved to recommend that Shareholders **ACCEPT** the Revised Offer, in the absence of a superior offer.

Each of the Directors who own Ammtec Shares currently intends to **ACCEPT** the Revised Offer in relation to those Ammtec Shares they own or control (in the absence of a superior offer), being approximately 3.8% of Ammtec's Shares in total.

An acceptance form has been included with this Fourth Supplementary Target's Statement to assist Shareholders to accept the Revised Offer should they wish to do so.

---

<sup>4</sup> Ammtec Preliminary Final Report – Year Ended 30 June 2010, page 19.

---

## WHY YOU SHOULD ACCEPT THE REVISED OFFER

---

Your Directors believe that Ammtec Shareholders should **ACCEPT** the Revised Offer (in the absence of a superior offer), for the following reasons:

1. The Revised Offer represents a significant increase to the Second Offer and provides fair value for your Ammtec Shares.
2. The Revised Offer provides a fair share of the strategic value of Ammtec to Campbell Brothers.
3. The Revised Offer provides an appropriate control premium to all Ammtec Shareholders.
4. Ammtec's Shareholders who accept the Revised Share Offer will maintain their exposure to Ammtec's strong growth potential whilst also gaining exposure to Campbell Brothers' diversified business, which also has strong growth potential.
5. Ammtec's Shareholders who accept the Revised Share Offer will benefit from the higher liquidity of Campbell Brothers Shares and may be eligible for CGT roll-over relief.

Further details about each of the reasons set out above are provided in Annexure A.

---

## TAXATION CONSIDERATIONS

---

The taxation implications of the Revised Offer will vary for Ammtec's Shareholders based on their own individual circumstances. In recognition of this, Ammtec's Board of Directors received a letter from Ernst & Young outlining the general taxation implications of the Revised Offer primarily regarding Shareholders' eligibility to benefit from some or all of the franking credits attached to the Special Dividend and the Final Dividend, and the capital gains tax and income tax treatment of gains or losses arising from acceptance of the Revised Offer and payment of the Special Dividend and Final Dividend.

Whilst the terms of the Revised Offer have been structured in order to minimise the taxation implications for Ammtec's Shareholders, Shareholders should note that in order to be eligible to benefit from some or all of the franking credits attached to the Special Dividend and the Final Dividend, certain conditions must be satisfied.

The letter from Ernst & Young outlining the general taxation implications of the Revised Offer for Ammtec's Shareholders is attached as Annexure B. Whilst the majority of Ammtec's Shareholders will currently be eligible to benefit from some or all of the franking credits attached to the Special Dividend and the Final Dividend, Ammtec's Board of Directors recommends that Shareholders read this advice carefully in order to consider their taxation implications of accepting the Revised Offer.

Ammtec will also apply to the Australian Tax Office for a Class Ruling to confirm the taxation treatment of the Revised Offer for Shareholders' primarily regarding Shareholders' eligibility to benefit from some or all of the franking credits attached to the Special Dividend and the Final Dividend, and the capital gains tax and income tax treatment of gains or losses arising from acceptance of the Revised Offer and payment of the Special Dividend and Final Dividend. The Class Ruling is not expected to be available for two to three months but is expected to accord with the advice provided by Ernst & Young.

In addition, Ammtec's Board of Directors recommend Shareholders seek independent advice from a qualified tax professional regarding their personal taxation implications from accepting the Revised Offer, which will depend on their individual circumstances.

---

## **AMMTEC SHAREHOLDER INFORMATION LINE**

---

If you have any questions about this Fourth Supplementary Target's Statement or the Revised Offer, please call Ammtec's information line on 1800 810 869 if you are calling from within Australia, or +61 2 8280 7179 if you are calling from overseas, between 7.30am and 7.30pm Australian Eastern Standard Time, Monday to Friday. Further information can be obtained from Ammtec's website at [www.ammtec.com.au](http://www.ammtec.com.au).

---

## **CONSENTS**

---

Bloomberg has given, and has not before the lodgement of this Fourth Supplementary Target's Statement with ASIC withdrawn, its consent to the inclusion in this Fourth Supplementary Target's Statement of consensus earnings estimates and broker price targets and recommendations for Campbell Brothers and consensus earnings estimates for Australian companies which are comparable to Ammtec prepared by it in the form and context in which they are included and to all references in this Fourth Supplementary Target's Statement to that information in the form and context in which they appear.

Ernst & Young has given, and has not before the lodgement of this Fourth Supplementary Target's Statement with ASIC withdrawn, its consent to the inclusion in this Fourth Supplementary Target's Statement its letter outlining the general taxation implications of the Revised Offer for Ammtec's Shareholders in the form and context in which it is included and to all references in this Fourth Supplementary Target's Statement to that information in the form and context in which they appear.

As permitted by ASIC Class Order 07/429, this Target's Statement contains share price trading data sourced from Bloomberg without their consent.

---

## **AUTHORISATION**

---

This Fourth Supplementary Target's Statement has been approved by a resolution passed by the Directors of Ammtec Ltd.



**Rod Smith**  
**Managing Director**

**Signed for and on behalf of**  
**Ammtec Ltd**

## **Annexure A: Why you should ACCEPT the Revised Offer – Detailed Information**

---

### **1 The Revised Offer represents a significant increase to the Second Offer and provides fair value for your Ammtec Shares**

---

#### **The Revised Offer provides fair value for your Shares**

In consultation with its advisers, the Board has determined a range of values which it considers to be fair value for your Ammtec Shares. In determining this range, the Board and its advisers utilised a number of valuation methodologies that involved analysis of FY2011 guidance, future earnings growth projections and risks, and peer trading and transaction multiples. The Revised Offer falls within the range of fair value determined by the Board. Whilst there will be Shareholders who are not eligible to benefit from some or all of the franking credits attached to the Special Dividend and the Final Dividend, the Revised Offer remains within the fair value range for Ammtec's Shares excluding the value of these franking credits.

The Board's view that the Revised Offer represents fair value is supported by current peer trading valuation multiples, and precedent transaction valuation multiples. For Shareholders who are eligible to benefit from the full value of franking credits attached to the Special Dividend and the Final Dividend, the Revised Offer represents a multiple of 7.2 – 8.1x FY2011 EBITDA guidance<sup>5</sup>. Australian companies which are comparable to Ammtec currently trade on a median 4.6x 30 June 2011 EBITDA multiple<sup>6</sup>. Whilst this median peer trading multiple is not directly comparable to the Revised Offer multiple as it does not include a control premium, the Revised Offer multiple represents a significant premium of 58-79% compared to the median peer trading multiple.<sup>7</sup> The Revised Offer multiple is also closer to the precedent transaction multiples which Ammtec has detailed in previous Target's Statements. Ammtec's Board of Directors notes that these precedent transactions were concluded in more favourable market conditions.

#### **The Revised Cash Offer has been significantly increased**

For Shareholders who are eligible to benefit from the full value of the franking credits attached to the Special Dividend and the Final Dividend, the Revised Cash Offer represents an increase of 24% compared to the Initial Cash Offer, 9% compared to the Second Cash Offer and 65% compared to Ammtec's pre Initial Offer Share price.<sup>8</sup>

---

<sup>5</sup> Calculated based on an Enterprise Value assuming 40.0 million Ammtec Shares on issue (36.5 million Shares plus 1.1 million vested, in the money Ammtec Options assumed to be exercised and 2.5 million currently unvested, in the money Ammtec Options assumed to be vested and exercised upon change of control) and net cash of \$7.0 million as at 30 June 2010 (pro forma for option exercise proceeds). FY2011 EBITDA guidance of \$19.6 to \$22.2 million. Range based on Enterprise Value assuming the Revised Cash Offer (including franking credits) / high EBITDA guidance and Enterprise Value assuming the Revised Share Offer (including franking credits)/ low EBITDA guidance. The Range excluding franking credits is 7.0-8.0x.

<sup>6</sup> These companies comprise: AJ Lucas (AJL), Ausdrill (ASL), Ausenco (AAX), Austin Engineering (ANG), Coffey International (COF), Essa Australia (ESS), Imdex (IMD), Lycopodium (LYL), Macmahon Holdings (MAH), Monadelphous Group (MND), RCR Tomlinson (RCR), Sedgman (SDM), Structural Systems (STS) and VDM Group (VMG). Multiples based on company filings, share prices and consensus earnings estimates as per Bloomberg as at 13 September 2010.

<sup>7</sup> The Range excluding franking credits is 54-75%.

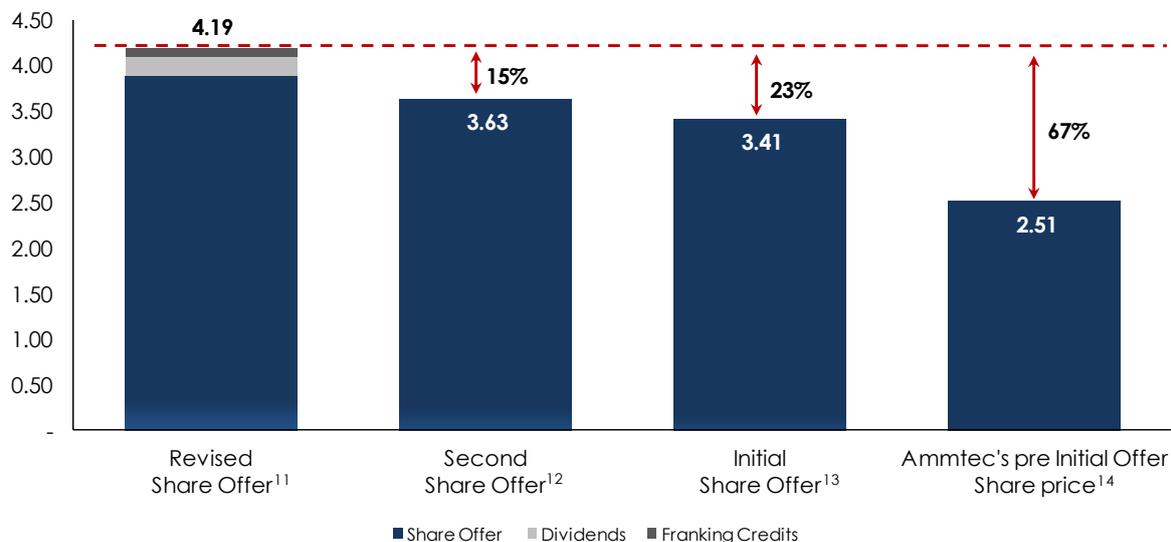
<sup>8</sup> For Shareholders who will derive no benefit from the franking credits, the Revised Cash Offer represents an increase of 21% compared to the Initial Cash Offer, 7% compared to the Second Cash Offer and 62% compared to Ammtec's pre Initial Offer Share price.



**Comparison of Revised Cash Offer with Initial and Second Offers and Pre Initial Offer Share Price (\$ per Share)**

### The Revised Share Offer has been significantly increased

For Shareholders who are eligible to benefit from the full value of franking credits attached to the Special Dividend and the Final Dividend, the Revised Share Offer represents an increase of 23% compared to the Initial Share Offer, 15% compared to the Second Share Offer and 67% compared to Ammtec's pre Initial Offer Share price.<sup>10</sup>



**Comparison of Revised Share Offer with Initial and Second Offers and Pre Initial Offer Share Price (\$ per Share)**

<sup>9</sup> Ammtec's closing Share price on 18 May 2010 as per Bloomberg.

<sup>10</sup> For Shareholders who will derive no benefit from the franking credits, the Revised Share Offer represents an increase of 20% compared to the Initial Share Offer, 13% compared to the Second Share Offer and 63% compared to Ammtec's pre Initial Offer Share price.

<sup>11</sup> Based on closing Campbell Brothers Share price as at 13 September 2010 of \$32.06, as per Bloomberg.

<sup>12</sup> Based on closing Campbell Brothers Share price as at 27 August 2010 of \$30.88, as per Bloomberg, adjusted for the Final Dividend of \$0.11 per Share as per the Third Supplementary Bidder's Statement dated 30 August 2010 and Fourth Supplementary Bidder's Statement dated 31 August 2010.

<sup>13</sup> Based on closing Campbell Brothers Share price as at 18 May 2010 of \$29.00, as per Bloomberg, unadjusted for the Final Dividend of \$0.11 per Share.

<sup>14</sup> Ammtec's closing Share price on 18 May 2010, as per Bloomberg.

## Recognition of the value of Ammtec's franking credit balance

Ammtec had previously asserted that the Initial and Second Offers failed to recognise the value of its franking credit balance.

Under the terms of the Initial and Second Offers, ALS was entitled to withdraw or revise the Offer in the event Ammtec declared a dividend.

On 21 July 2010, following a record annual result, Ammtec resolved to pay the fully franked Final Dividend (of \$0.11 per Share) to Shareholders, should the Offer not proceed, and ALS subsequently confirmed its intention to reduce the Offer consideration should the dividend be paid<sup>15</sup>.

Under the Revised Offer, ALS has consented to Ammtec paying the Final Dividend and Special Dividend, without decreasing the Revised Offer Consideration.

ALS' revised position in respect of Ammtec's dividends recognises the value of Ammtec's franking credit balance by allowing Ammtec to distribute a large proportion of these credits to Shareholders.

## 2 The Revised Offer provides a fair share of the strategic value of Ammtec to Campbell Brothers

---

As detailed in Ammtec's Target's Statement<sup>16</sup>, and in Campbell Brothers' Bidder's Statement<sup>17</sup>, ownership of Ammtec would provide Campbell Brothers with significant strategic benefits. Ammtec's Directors believe that the Revised Offer provides Ammtec Shareholders with a fair share of the strategic benefits to Campbell Brothers from an acquisition of Ammtec.

Moreover, Shareholders who accept the Revised Share Offer will participate in the strategic benefits of the acquisition through exposure to Campbell Brothers' business.

Ammtec has previously noted that Campbell Brothers trades at a higher price-to-earnings (**PE**) multiple than Ammtec. By applying Campbell Brothers' multiple to Ammtec's FY2011 NPAT, the pro forma value of Ammtec to Campbell Brothers' Shareholders would be \$4.84 per Ammtec Share<sup>18</sup>, which is a significant potential uplift compared to Ammtec's pre Initial Offer trading price of \$2.51 per Share.<sup>19</sup> The Revised Offer provides Ammtec Shareholders with the majority of this potential value uplift with certainty, and Shareholders who accept the Revised Share Offer will participate in any remaining potential value uplift.

---

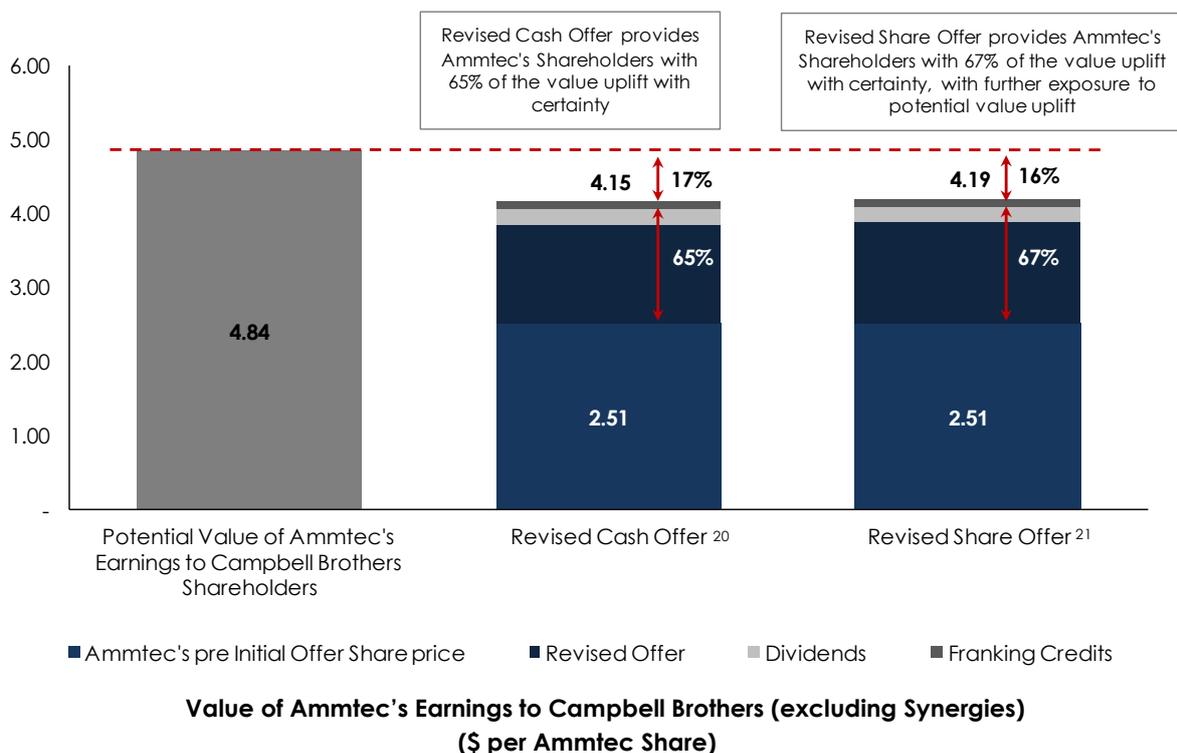
<sup>15</sup> Campbell Brothers' announcement on 17 August 2010, Third Supplementary Bidder's Statement dated 30 August 2010 and Fourth Supplementary Bidder's Statement dated 31 August 2010.

<sup>16</sup> Target's Statement dated 23 July 2010, section 1.2.

<sup>17</sup> Bidder's Statement dated 5 July 2010, section 5.

<sup>18</sup> Assumes Ammtec FY2010 NPAT of \$7.2 million and 40.0 million Ammtec Shares on issue (as per footnote 5) and Campbell Brothers PE ratio of 27.0 (assuming closing Campbell Brothers Share price as at 13 September 2010 of \$32.06, Campbell Brothers Shares on issue of 63.5 million and NPAT for the year ended 31 March 2010 of \$75.3 million).

<sup>19</sup> Ammtec's closing Share price on 18 May 2010 as per Bloomberg.



### 3 The Revised Offer provides an appropriate control premium to all Ammtec Shareholders

The Revised Offer is now subject to a minimum 90% acceptance, providing all Shareholders with a sufficient control premium for Ammtec's Board to recommend that Shareholders accept the Revised Offer.

For Shareholders who are eligible to benefit from the full value of franking credits attached to the Special Dividend and the Final Dividend:

- the Revised Cash Offer represents a 65% premium compared to Ammtec's pre Initial Offer Share price<sup>22</sup>; and
- the Revised Share Offer represents a 67% premium compared to Ammtec's pre Initial Offer Share price.<sup>23</sup>

<sup>20</sup> For Shareholders who are not eligible to benefit from these franking credits, the Revised Cash Offer represents 62% of the potential value uplift.

<sup>21</sup> For Shareholders who are not eligible to benefit from these franking credits, the Revised Share Offer represents 63% of the potential value uplift.

<sup>22</sup> For Shareholders who are not eligible to benefit from these franking credits, the Revised Cash Offer represents an increase of 62% compared to Ammtec's pre Initial Offer Share price.

<sup>23</sup> For Shareholders who are not eligible to benefit from these franking credits, the Revised Share Offer represents an increase of 63% compared to Ammtec's pre Initial Offer Share price.

## 4 Ammtec Shareholders who accept the Revised Share Offer will maintain their exposure to Ammtec's strong growth potential whilst also gaining exposure to Campbell Brothers' more diverse business, which also has strong growth potential

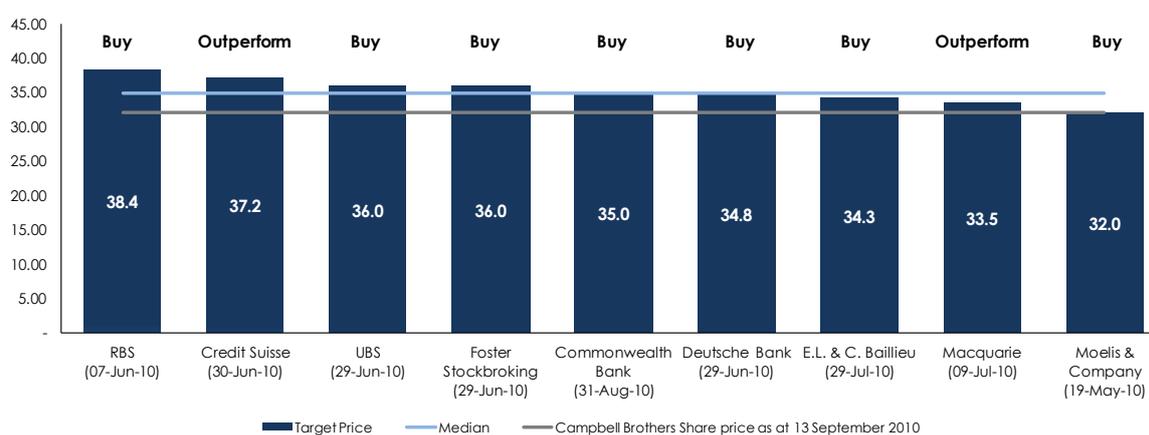
Shareholders who accept the Revised Share Offer will continue to maintain their exposure to Ammtec's business within Campbell Brothers and can expect significant revenue and earnings growth as detailed in Ammtec's FY2011 earnings guidance.

At the same time, Shareholders who accept the Revised Share Offer will gain exposure to Campbell Brothers' businesses, which provide a broad service offering and increased exposure to a wider range of end-markets and geographies. The benefits of exposure to Campbell Brothers' businesses are detailed further in section 5 of the Bidder's Statement dated 5 July 2010.

In addition, Campbell Brothers has forecast strong growth in its business. On 29 June 2010, Campbell Brothers provided earnings guidance of 66-80% NPAT growth for the half year ending 31 September 2010, as compared to the previous corresponding period.

This is comparable to Ammtec's FY2011 earnings guidance under which NPAT is expected to increase 55-80% for the year ending 30 June 2011.

Campbell Brothers' strong growth potential has been recognised by brokers. Campbell Brothers' broker median price target is currently \$34.98 per Campbell Brothers Share<sup>24</sup> compared to the current Campbell Brothers Share price of \$32.06<sup>25</sup>. All brokers covering Campbell Brothers currently have a buy or outperform recommendation on Campbell Brothers Shares.



**Campbell Brothers Broker Price Targets  
(\$ per Campbell Brothers Share)**

Ammtec has noted in previous Target's Statements that the Initial and Second Share Offers were highly dilutive for earnings and grossed up dividends per share for Ammtec Shareholders who accepted the Share Offer. Whilst the Revised Share Offer remains

<sup>24</sup> Broker price targets sourced from Bloomberg as at 13 September 2010. Commonwealth Bank (31-Aug-10), E.L. & C. Baillieu (29-Jul-10), Macquarie (09-Jul-10), Deutsche Bank (29-Jun-10) and RBS (07-Jun-10) based on 12 month price target. Credit Suisse (30-Jun-10), UBS (29-Jun-10), Foster Stockbroking (29-Jun-10) and Moelis & Company (19-May-10), based on undisclosed period.

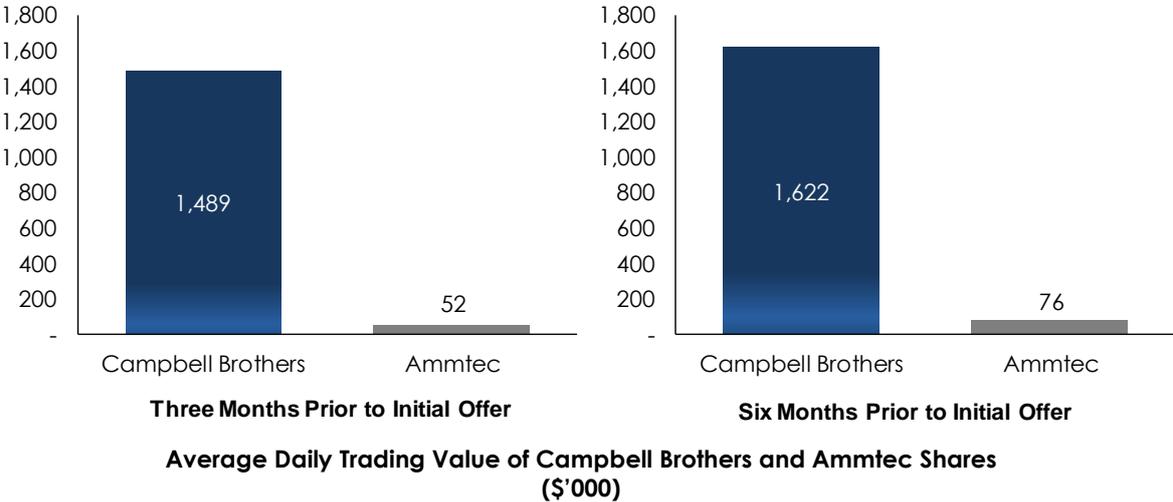
<sup>25</sup> Bloomberg as at 13 September 2010.

dilutive for earnings and grossed up dividends per share for Ammtec Shareholders who accept the Revised Share Offer, the dilution is decreased. Shareholders who wish to minimise this dilution may also choose to reinvest the Special Dividend and Final Dividend into Campbell Brothers Shares.

**5 Ammtec’s Shareholders who accept the Revised Share Offer will benefit from the higher liquidity of Campbell Brothers Shares and may be eligible for CGT roll-over relief**

**Campbell Brothers’ Shares are more liquid than Ammtec’s Shares**

In the six months prior to the Initial Offer, the average daily value of Campbell Brothers Shares traded was 21 times higher than the average daily value of Ammtec’s Shares traded. Shareholders who accept the Revised Share Offer will benefit from the higher liquidity of Campbell Brothers Shares.



**If you accept the Revised Share Offer you may be eligible for Capital Gains Tax (CGT) roll-over relief**

Provided that Campbell Brothers gains acceptances for at least 80% of all Ammtec Shares, Shareholders who accept the Revised Share Offer may be eligible for CGT roll-over relief if their disposal of Ammtec Shares gives rise to a capital gain.

Information in relation to CGT roll-over relief is set out in section 8 of the Bidder's Statement. Shareholders should consult an independent tax adviser for tax advice, taking into account your individual circumstances.

**Annexure B: Tax Considerations**

---

17 September 2010

The Directors  
Ammtec Limited  
6 Macadam Place  
Balcatta WA 6021

## Tax outline for inclusion in Target's Statement

To the Directors of Ammtec Limited

This letter has been prepared at the request of Ammtec Limited ("Ammtec") for inclusion in the Fourth Supplementary Target's Statement dated 17 September 2010 ("Target's Statement") in relation to the proposed acquisition of Ammtec by Campbell Brothers Limited ("Campbell Brothers"), under the revised takeover offer as detailed in the joint announcements made by Campbell Brothers and Ammtec on 13 September 2010 and 16 September 2010. ("the Offer"), in relation to the income tax consequences for shareholders of Ammtec as set out below.

### 1. Introduction

#### 1.1. General comments

The following sets out a general outline of the principal Australian income tax consequences generally applicable to an ordinary shareholder of Ammtec ("Ammtec Shareholder") who:

- disposes of shares by accepting the Offer;
- receives the \$0.10 Special Dividend; and
- receives the \$0.11 Final Dividend.

This outline does not address all possible Australian income tax considerations that could apply to particular Ammtec Shareholders. In particular, this outline is only relevant to those Ammtec shareholders who hold their shares as capital assets for the purposes of investment and do not hold their shares as pre-CGT assets.

Unless specifically noted, these comments do not apply to:

- Ammtec Shareholders who are entities other than individuals;
- Ammtec Shareholders that do not hold their shares as capital assets, including banks, insurance companies or taxpayers that carry on a business of trading in Shares;
- Ammtec shareholders who acquired their shares under the Long Term Incentive Plan; and
- Ammtec option holders.

These shareholders and option holders should seek their own taxation advice.

For each Ammtec Shareholder who is a non-resident of Australia for tax purposes, it is assumed that the shares are not held and have never been held as an asset of a permanent establishment of that Ammtec Shareholder in Australia.

Unless otherwise indicated, the comments are based on the current income tax laws, established interpretations of those laws and understanding of the current practice of the tax authorities in Australia. The comments do not otherwise take into account or anticipate changes in the law, whether by way of judicial decision or legislative action, nor does it take into account any tax legislation of countries other than Australia.

In providing this outline, we have relied upon factual statements contained in the Target's Statement and the joint announcements on 13 September 2010 and 16 September 2010.

This outline does not constitute tax advice. It is recommended that each Ammtec Shareholder consult their own tax adviser regarding the consequences of acquiring, holding or disposing of their Shares in light of current tax laws and their particular circumstances. Non resident Ammtec Shareholders should seek advice from their tax adviser as to the taxation implications in their country of residence.

Ernst & Young disclaims all liability to any shareholder or other party for all costs, loss, damage and liability that the shareholder or other party may suffer or incur arising from, relating to or in any way connected with the contents of this summary or the provision of this summary to the shareholder or other party or the reliance on this summary by the shareholder or other party.

## **1.2 ATO class ruling**

Ammtec intends to apply for an ATO class ruling seeking clarification on the various technical issues discussed in the outline below. The outline sets out what Ernst & Young considers are the likely tax outcomes applicable to Ammtec Shareholders, however there is no certainty that a class ruling will accord with this treatment.

In addition to the matters addressed below, the class ruling will seek confirmation in relation to:

- specific anti-avoidance provisions dealing with streaming of dividends and schemes involving the disposal of shares accompanying franked distributions do not apply; and
- tax matters specific to foreign shareholders, specifically that the dividend will not be included in assessable income by virtue of being franked and the operation of capital gains tax provisions dealing with disposal by non residents of Australian shareholdings.

## **2. Taxation consequences in relation to special and final dividends**

### **2.1 Australian tax resident shareholders**

Ammtec Shareholders who are Australian tax resident individuals and 'qualified persons' should include in their assessable income the dividend received, together with any franking credit attached to that dividend.

These shareholders generally will be entitled to a tax offset equal to the franking credit attached to the dividend. The tax offset can be applied to reduce the tax payable on the Ammtec Shareholder's taxable income. Where the tax offset exceeds the tax payable on the Ammtec Shareholder's taxable income, the Ammtec Shareholder should be entitled to a tax refund.

In order for an Ammtec Shareholder to be a 'qualified person', the shares must be held at risk for a continuous period of not less than 45 calendar days (excluding the days of acquisition and disposal) for a relevant 'holding period'.

The class ruling will seek confirmation on the specific 'holding period' for shareholders in relation to each dividend.

Practically, on the basis that the Offer is not declared unconditional until on or after 25 September, then all Ammtec shareholders who held their shares continuously for at least 45 calendar days prior to the unconditional date should not be prevented from receiving the benefits of franking credits in relation to the special and final dividends. Ammtec Shareholders who accept after the unconditional date need only to have held their shares for 45 calendar days continuously before the acceptance date. Ammtec Shareholders who do not accept but have their shares compulsorily acquired need only to have held their shares continuously for 45 calendar days prior to the shares being acquired.

If for any reason the Offer is declared unconditional prior to 25 September, Ammtec shareholders who accept prior to this date and receive the special and final dividends (i.e. if settlement occurs after the record date) who held their shares continuously for at least 45 calendar days prior to the unconditional date should not be prevented from receiving the benefits of franking credits. Ammtec Shareholders who accept after the unconditional date need only to have held their shares for 45 calendar days continuously before the acceptance date. Ammtec Shareholders who do not accept but have their shares compulsorily acquired need only to have held their shares continuously for 45 calendar days prior to the shares being acquired.

## **2.2 Non-Australian tax resident shareholders**

Dividends paid by Ammtec to non-Australian tax resident shareholders will generally not create individual Australian tax obligations for those shareholders.

On the assumption the dividends are fully franked, such shareholders should receive the full amount of the dividend free of any Australian dividend withholding tax. Any unfranked portion of the dividend will be subject to withholding tax (imposed at 30% unless a Shareholder is a tax resident of a country with which Australia has concluded a double taxation agreement, in which case, the withholding tax is generally reduced).

## **3. Taxation consequences in relation to the disposal of shares**

### **3.1 CGT implications for Australian tax resident shareholders who accept the cash offer**

Ammtec Shareholders that accept the Offer and elect to receive cash will be treated as having disposed of their shares for CGT purposes under the relevant CGT event if the Offer becomes unconditional. The time of the relevant CGT event is when they accept the Offer.

Ammtec Shareholders will realise a capital gain on a share to the extent that the amount received in respect of the disposal ('the CGT capital proceeds') is more than the CGT cost base of that share. Ammtec Shareholders should realise a capital loss on a share to the extent that the CGT capital proceeds are less than the reduced CGT cost base of that share.

The CGT discount may be applied against the capital gain where the individual Shareholder has held the shares for more than 12 months and certain other requirements have been met. Where the CGT discount applies, any capital gain arising may be reduced by 50% after offsetting current year or prior year capital losses.

The CGT capital proceeds should, prima facie, be \$3.85. This is on the basis the special and final dividends are unrelated and not contingent on the Offer.

Ammtec intends to seek confirmation through the class ruling request regarding the time of the relevant CGT event and the CGT capital proceeds in relation to the Offer.

### 3.2 CGT implications for Australian resident shareholders who accept the offer of Campbell Brothers shares

Australian resident shareholders who accept Campbell Brothers shares and would otherwise have made a capital gain should be entitled to CGT rollover relief where the necessary conditions are satisfied, such that:

- Any capital gain made on disposal of Ammtec shares will be disregarded;
- Ammtec Shareholders will receive a CGT cost base in the Campbell Brothers shares equal to the CGT cost base of the Ammtec shares disposed.

One of the conditions required for shareholders to obtain rollover relief is that Campbell Brothers acquires 80% or more of the shares in Ammtec. If Campbell Brothers does not achieve 80%, shareholders are not entitled to claim roller relief in respect of their disposal of their shares in Ammtec.

If a capital gain is recognised (either because rollover relief is not available or not chosen), then the disposal proceeds achieved for the share will be the value of the four Campbell Brothers shares at the time of acceptance of the offer, not when it goes unconditional.

The class ruling will seek confirmation that rollover relief is available to Ammtec Shareholders and the CGT cost base treatment under rollover relief.

### 3.3 CGT implications for Non-Australian tax resident shareholders

Generally, non-Australian tax resident Ammtec Shareholders who hold their shares on capital account, and have not, together with associates, ever held 10% or more of the shares in the company, should not be subject to Australian income tax or CGT upon disposal of their shares.



Yours faithfully  
Ernst & Young