

# CPI GROUP LIMITED SCHEME MEETING

18 APRIL 2011

## CHAIRMAN'S ADDRESS

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### INTRODUCTION

Good morning ladies and gentlemen and welcome to this important meeting of CPI shareholders.

My name is Darryl Abotomey. I am a non-executive director of CPI, the Chairman of the Board Audit and Risk Committee and a member of the Governance and Remuneration Committee. I will be chairing today's meeting.

A quorum is present and, therefore, I declare this Scheme Meeting open.

Before we start proceedings, can I please ask you to turn off all mobile phones and pagers.

Let me begin by introducing my fellow directors and our Company Secretary who are seated with me on the podium:

- Peter Reilly, Chairman of CPI;
- Bernard Cassell, Managing Director of CPI;
- David Bull, Executive Director of CPI;
- Denis Goodrem, Executive Director of CPI; and
- Lachlan Duncan, Company Secretary of CPI.

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I would also like to acknowledge the attendance here today of several of CPI's management team.

Representatives of our share registry, Computershare Investor Services, are also present today to assist in conducting the poll.

I appoint Kevin Lo of Computershare Investor Services to act as Returning Officer.

Kevin has agreed to act in this capacity.

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This Scheme Meeting has been convened in accordance with the Company's Constitution and orders made by the Supreme Court of Victoria on 11 March 2011. The purpose of this meeting is for you to consider, and if you think fit, approve a Scheme of Arrangement under which PagePack (AU) Pty Limited will acquire all of the shares of CPI Group Limited, provided that all conditions to the scheme are satisfied or waived.

I refer to the Notice of Scheme Meeting contained in Appendix 3 of the Explanatory Booklet that sets out the resolution proposed for today's meeting. As the Explanatory Booklet was released to the ASX on 16 March 2011 and mailed to shareholders shortly afterwards, I will take the Notice of Scheme Meeting as read.

The Explanatory Booklet outlines the reasons to vote in favour of the Scheme and possible reasons to vote against the Scheme. I am confident that shareholders have carefully considered this document and so I will not attempt to restate all of the information it contains.

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**MEETING  
PROCEDURE AND  
BACKGROUND**

The procedure for today's meeting is as follows:

- In a few moments, I will formally move the resolution to approve the Scheme of Arrangement.
- I will allow for questions on the resolution, and after any questions, we will move to a vote on the resolution by poll.
- Following the conclusion of voting, the results of the poll will be announced to the meeting as soon as they are finalised and the meeting will then be closed. The results will also be announced via the ASX shortly after closure of the meeting.

But first, I would like to say a few words about the proposed Scheme of Arrangement.

On 17 January 2011 CPI announced that it had signed an agreement with PagePack (AU) Pty Limited, under which it was proposed that PagePack would acquire all the shares in CPI under a scheme of arrangement for 45 cents cash per share, less the special dividend, if any, that CPI pays to shareholders before the Scheme is implemented.

Your Board of Directors unanimously recommends that shareholders vote in favour of the Scheme in the absence of a superior proposal. I can confirm that no alternative proposal has been received.

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**REASONS TO VOTE  
IN FAVOUR OF THE  
SCHEME**

I would like to take this opportunity to outline the CPI Board's key reasons for recommending that you vote in favour of the Scheme:

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- DMR Corporate, the independent expert, has valued CPI in the range of 34 cents to 45 cents per share. As the Scheme offer is equal to the top end of this estimated range of values, DMR Corporate has concluded that the Scheme is fair and reasonable and in the best interests of CPI shareholders, in the absence of a superior proposal.
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- 45 cents per share represents a substantial premium to the trading prices of CPI shares prior to 17 January 2011, being the date CPI entered into the Scheme Implementation Deed with PagePack.
  - Notably, it represents a 61% premium to the six month volume weighted average price of CPI shares up to and including trading on 14 January 2011, being the last trading day prior to the announcement on 17 January 2011.
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- The Scheme provides you with a high degree of certainty of value and timing.
  - The price of CPI shares is likely to fall if the Scheme is not implemented.
  - The Scheme removes the risks and uncertainties associated with remaining a CPI Shareholder.
  - Since the announcement of the Scheme, no superior proposal has emerged and the CPI Directors consider the possibility of one emerging to be low.
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- There are no transaction costs on the disposal of your CPI shares under the Scheme.
  - CPI has reserved the right to pay the Special Dividend which may be advantageous or disadvantageous from a taxation perspective for certain CPI Shareholders depending on their individual circumstances. I will provide an update shortly on the proposed special dividend arrangements.

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**REASONS TO VOTE AGAINST THE SCHEME**

There are also some potential reasons to vote against the Scheme which are outlined in the Explanatory Booklet.

These include the following:

- You may disagree with the CPI Board's recommendation and/or the Independent Expert's conclusion and believe the Scheme is not in your best interests.
- The Scheme is subject to a number of conditions that you may consider unacceptable.
- If the Scheme is approved and implemented you will no longer participate in any potential upside that may result from remaining a CPI shareholder.
- You may believe a superior proposal may emerge.
- You may wish to maintain your current investment profile.
- The potential tax consequences of the Scheme may not suit your financial position.
- The offer price is at a discount to CPI's net tangible asset position.

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**CURRENT STATUS**

Your CPI Directors continue to believe that the reasons to vote in favour of the Scheme outweigh any reasons to vote against the Scheme and accordingly we maintain our previously stated belief that the Scheme is in the best interests of shareholders.

Prior to this meeting, each CPI Director has submitted proxy forms directing that their votes be cast in favour of the Scheme in relation to the CPI shares held or controlled by them and recommends that you do the same at today's meeting.

The Scheme is now principally conditional on two things occurring:

- CPI shareholders passing the resolution relating to the Scheme at today's meeting; and
- The Supreme Court of Victoria approving the Scheme at the Second Court Hearing scheduled for next Friday, 29 April 2011.

As previously announced to the market on 10 March 2011, the condition relating to the Australian Competition and Consumer Commission has been satisfied.

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There are some other operational and procedural conditions, usual for a transaction of this nature, which are described in the Explanatory Booklet. We believe that all of these conditions are currently satisfied and will continue to be satisfied by 8.00am on the date of the Second Court Hearing, which as I noted a few moments ago is scheduled for next Friday, 29 April 2011.

Subject to your approval of the Scheme at today's meeting, the operational and procedural conditions noted above

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continuing to be satisfied as at 8.00am on the date of the Second Court Hearing and to the Supreme Court of Victoria approving the Scheme at that hearing, the Scheme will become legally effective and will bind all CPI shareholders. The implementation date of the Scheme is expected to be 16 May 2011. Shareholders will receive the Scheme Consideration within 3 business days after the implementation date. On the current timetable, this means your Scheme Consideration should be dispatched to you by no later than 18 May 2011.

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**ATO TAX CLASS  
RULING  
APPLICATION**

At this point, I should also comment briefly on the status of the ATO tax class ruling. As disclosed in the Explanatory Booklet, CPI lodged a class ruling request with the ATO seeking the Commissioner of Taxation's views on specific income tax issues for CPI shareholders, in particular on whether they will be able to obtain the benefit of the franking credits attached to the Special Dividend, if it is declared or determined to be payable and paid. As announced on 13 April 2011, the class ruling has been issued by the ATO which (amongst other things) provides that a special dividend of 18.5 cents per share will be a frankable distribution pursuant to the Income Tax Assessment Act. The class ruling is available on the ATO's website at [www.ato.gov.au](http://www.ato.gov.au).

Subject to CPI shareholders approving the Scheme at today's meeting, the CPI Board intends to announce a special dividend of 18.5 cents per Share. Subject to the Scheme becoming effective, it is expected that the special dividend will be declared or determined to be payable on 2 May 2011, the record date will be 7.00pm on 6 May 2011 with the payment date on 10 May 2011.

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**RESOLUTION**

I would now like to proceed to the formal business of this meeting to consider the resolution.

The item for consideration today is to consider, and if thought fit, pass the following resolution:

*‘That pursuant to and in accordance with the provisions of section 411 of the Commonwealth Corporations Act 2001 , the members are in favour of the arrangement proposed between CPI Group Limited and the holders of its fully paid ordinary shares, designated the ‘Scheme’, as contained in and more particularly described in the Explanatory Booklet accompanying the notice convening this meeting (with or without any modifications or conditions required by the Court to which CPI Group Limited and PagePack (AU) Pty Limited agree) and, subject to approval of the Scheme by the Court, the Board of Directors of CPI Group Limited is authorised to implement the Scheme with any such modifications or conditions.’*

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**VOTING  
REQUIREMENTS**

In accordance with requirements of the Corporations Act, in order for the Scheme resolution to be passed, it needs to be approved by shareholders on two bases:

- By more than 50% in number of shareholders present and voting at this meeting, whether in person or by proxy; and
- By at least 75% of the total votes cast on the resolution.

Further, in accordance with legal requirements and the advice in the Explanatory Booklet, voting on the resolution to approve the scheme will be by poll.

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**PROXIES**

Before commencing the poll, I wish to advise on the results of proxy voting. Proxies have been received in respect of a total of 38,879,999 shares representing 308 shareholders.

	% of cast securities	% of cast holders
For	98.8%	86.0%
Against	0.5%	4.6%
Open-usable	0.7%	9.4%

Number abstaining	1,810 securities	2 holders
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As advised in the notice convening the scheme meeting, I intend to vote open proxies given to me in favour of the resolution.

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**QUESTIONS**

I would now like to open the meeting to questions and discussion on the resolution.

I ask that any questions or comments be addressed to me as Chairman of this Scheme Meeting and, in that capacity, I will determine whether any other person present at the meeting will be asked to respond.

I should point out that, as this is a meeting of shareholders, only shareholders or persons in attendance as a proxy for a shareholder or a properly appointed attorney or representative of a shareholder or proxy are entitled to ask questions or make comments. I therefore ask anyone with a blue or a yellow card who wishes to speak to please state your name or the name of the shareholder or proxy you represent and to confine your remarks to the subject of the

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resolution.

I now invite questions or comments regarding the resolution.

If you wish to ask a question or make a comment, please raise your hand and a microphone will be provided to you.

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**THANKS**

If there are no further questions or comments, we have now reached the stage where a vote is to be taken on the resolution. The results of the poll will be announced on ASX as soon as they are finalised.

Before moving onto the vote, I would like to take this opportunity to thank my fellow Directors and the CPI management team for their commitment and support during this process. I would also like to thank you, the CPI shareholders, for your support of CPI over the years.

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