

MEDEC LIMITED  
ACN 100 531 191

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NOTICE OF GENERAL MEETING  
PROXY FORM  
EXPLANATORY MEMORANDUM

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**Date of Meeting**  
June 3, 2005

**Time of Meeting**  
3.00 pm

**Place of Meeting**  
Conference Centre  
2 Brodie Hall Drive  
Technology Park  
Bentley WA 6152  
WESTERN AUSTRALIA

MEDEC LIMITED  
ACN 100 531 191

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that the General Meeting of the shareholders of Medec Limited ACN 100 531 191("Company") will be held at the Conference Centre, Technology Park, 2 Brodie Hall Drive, Bentley, Western Australia on June 3, 2005 at 3.00pm for the purpose of transacting the following business.

An Explanatory Memorandum containing information in relation to the following Resolutions accompanies this Notice of General Meeting.

AGENDA

BUSINESS

**Resolution 1 - Ratification of Issue of Shares**

To consider and, if thought fit, to pass with or without amendment the following resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 7.4 and for all other purposes, the Company ratifies the allotment and issue of:*

- (a) 92,416 fully paid ordinary shares in the capital of the Company at an issue price of 18.5 cents*
- (b) 107,610 fully paid ordinary shares in the capital of the Company at an issue price of 16 cents;*
- (c) 105,973 fully paid ordinary shares in the capital of the Company at an issue price of 16.5 cents;*

*to Mediscan GmbH & Co on the terms and conditions set out in the Explanatory Memorandum attached to this Notice of Meeting."*

The Company will disregard any votes cast on Resolution 1 by Mediscan GmbH & Co or any associate of that person. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**Resolution 2 - Ratification of Issue of Shares**

To consider and, if thought fit, to pass with or without amendment the following resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 7.4 and for all other purposes, the Company ratifies the allotment and issue of:*

- (a) 970,000 fully paid ordinary shares in the capital of the Company at an issue price of 16.72 cents each;
- (b) 3,500,000 fully paid ordinary shares in the capital of the Company at an issue price of 28 cents each;

to VEM Aktienbank AG on the terms and conditions set out in the Explanatory Memorandum attached to this Notice of Meeting."

The Company will disregard any votes cast on Resolution 2 by VEM Aktienbank AG or any associate of those persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### Resolution 3 - Approval to Issue of Shares

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, pursuant to Listing Rule 7.1 of the Listing Rules of Australian Stock Exchange Limited and all other purposes, the Company approve and authorise the Company to allot and issue up to 15,000,000 fully paid ordinary shares in the capital of the Company at an issue price to be determined by the directors in accordance with the Listing Rules and in any event not less than the issue price to be calculated at 80% of the weighted average price at which Shares have traded on ASX in the five trading days prior to each issue of shares and otherwise on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."*

The Company will disregard any votes cast on Resolution 3 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed and any person associated with those persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By order of the Board

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Mr Lloyd Halvorson  
Company Secretary  
Dated: May 3, 2005

## PROXIES

A shareholder entitled to attend and vote at the above meeting may appoint not more than two proxies to attend and vote at this meeting. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights.

A proxy may, but need not be, a shareholder of the Company.

Proxy forms must reach the Registered Office of the Company at least 48 hours prior to the meeting. A Proxy Form is enclosed.

## ENTITLEMENT TO VOTE

For the purposes of regulation 7.11.37 of the Corporations Regulations, the Board have determined that members holding ordinary shares at 5pm WST on June 01 2005 will be entitled to attend and vote at the general meeting.

## INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A shareholder entitled to attend and vote is entitled to appoint no more than two proxies to attend and vote at this General Meeting as the shareholder's proxy. A proxy need not be a shareholder of the Company.
2. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.
3. The proxy form must be signed personally by the shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed under either the common seal of the corporation or under the hand of an officer of the Company or its duly authorised attorney. In the case of joint shareholders, this proxy must be signed by at least one of the joint shareholders, personally or by a duly authorised attorney.
4. If a proxy is executed by an attorney of a shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form.
5. To be effective, forms to appoint proxies must be received by the Company no later than 48 hours before the time appointed for the holding of this General Meeting that is by 5pm WST on June 01, 2005 by post or facsimile to the respective addresses stipulated in this proxy form.
6. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
  - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
  - (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
  - (c) if the proxy is Chairperson, the proxy must vote on a poll and must vote that way, and
  - (d) if the proxy is not the Chairperson, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a shareholder, the proxy can cast any votes the proxy holds as a shareholder in anyway that the proxy sees fit.

MEDEC LIMITED  
ACN 100 531 191

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide shareholders with sufficient information to assess the merits of the resolutions contained in the accompanying Notice of General Meeting of Medec Limited ("Medec" or the "Company").

This Explanatory Statement and all attachments are important documents. They should be read carefully.

If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice, please contact the Company, your stockbroker or other professional adviser.

**Resolution 1 - Ratification of Issue of Shares**

On 2 February 2004, Medec signed an agreement with Mediscan GmbH & Co, an Austrian company, to acquire the Waveranger business comprising a range of products, intellectual property and distribution network and client base.

The total consideration payable by the Company is Euro 175,000 (A\$282,000) which is payable as to Euro 65,000 deposit and Euro 110,000 in 11 monthly instalments of Euro 10,000 which, may at the election of Medec, be satisfied by the issue of Shares in the Company.

The issue of Shares to Mediscan GmbH & Co the subject of Resolution 1 represent 2 monthly instalments of the purchase price.

***Listing Rule 7.4***

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of such ratification is to restore a company's maximum discretionary power to issue further shares up to 15% of the issued capital of the company without requiring shareholder approval.

***Information for shareholders***

Resolution 1 has been included so that shareholders may approve and ratify pursuant to Listing Rule 7.4 the issue of a total of 305,999 Shares to Mediscan GmbH & Co at the various issue prices referred to in Resolution 1. The 305,999 Shares rank pari passu with existing Shares.

No funds were raised from the issue of Shares, but were rather issued in consideration for the acquisition of the Mediscan GmbH Waveranger business.

The Company wishes to ratify the issues to Mediscan GmbH & Co pursuant to Listing Rule 7.4 in order to allow the Company to have the right to place up to a further 15% of its issued capital at any time during the next 12 months. The terms of the Shares issued are the same as the existing ordinary shares on issue and, accordingly, rank equally in all respects with the existing ordinary shares on issue.

## **Resolution 2 - Ratification of Issue of Shares**

On 16 January 2005 and 17 March 2005, the Company signed share placement agreements with VEM Aktienbank for the issue of 4,500,000 shares at a price to be determined by the Directors. Details of these issues have been previously announced.

### ***Listing Rule 7.4***

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of such a ratification is to restore a company's maximum discretionary power to issue further shares up to 15% of the issued capital of the company without requiring shareholder approval.

### ***Information for shareholders***

Resolution 2 has been included so that shareholders may approve and ratify pursuant to Listing Rule 7.4 the issue of

(a) 970,000 fully paid ordinary shares at an issue price of 16.72 cents each; and

(b) 3,500,000 fully paid ordinary shares at an issue price of 28 cents each;

being a total of 4,470,000 Shares to VEM Aktienbank AG.

The Shares rank *pari passu* with existing Shares.

Accordingly, the issue of Shares the subject of Resolution 2 was made to provide working capital.

The Company wishes to ratify the issues of Shares to VEM Aktienbank AG pursuant to Listing Rule 7.4 in order to allow the Company to have the right to place up to a further 15% of its issued capital at any time during the next 12 months. The terms of the fully paid ordinary shares issued are the same as the existing ordinary shares on issue and, accordingly, rank equally in all respects with the existing ordinary shares on issue.

### **Resolution 3 – Issue of Shares**

Resolution 3 seeks shareholder approval to the issue of up to 15,000,000 Shares to investment institutions at an issue price to be determined by directors in order to raise approximately \$3,750,000 to fund the ongoing growth and development of the Company.

### ***Listing Rule 7.1***

Listing Rule 7.1 broadly provides, subject to certain exceptions, that shareholder approval is required for any issue of securities where the securities proposed to be issued represent more than 15% of the Company's ordinary fully paid shares then on issue.

As at the date of this Notice of Meeting, the Company has the discretionary power to issue and grant 303,306 Shares without requiring shareholder approval.

Listing Rule 7.1 approval is sought so that the 15% threshold is maintained and available for use by the Company in the future, should the circumstances require.

### ***Information for Shareholders***

Resolution 3 has been included so that shareholders may approve pursuant to Listing Rule 7.1 the proposed issue of Shares in the capital of the Company.

For the purposes of shareholder approval of the issue of the Shares under Resolution 3 and requirements of Listing Rule 7.3, the following additional information is provided:

1. the maximum number of Shares the Company may issue under Resolution 3 is 15,000,000 Shares;
2. in accordance with Listing Rule 7.3.3, the issue price of the securities must be either a fixed price or a minimum price. The Directors have not yet fixed the price at which the shares will be issued however the price will not be less than 80% of the average market price calculated over the last 5 days on which sales in the Shares were recorded before the day on which the issue will be made.
3. the allottees in respect of resolution 3 are not, as yet, identifiable, but will be subscribers identified by the Directors of the Company and will not be issued to related parties or associated persons.
4. The Company will issue the Shares no later than three months after the date of the general meeting;
5. the directors presently intend to issue the Shares progressively;
6. the Shares will be issued on the same terms as the Company's existing ordinary fully paid shares; and

- 7 The funds raised pursuant to the Share issue will be used for growth by acquisitions to be completed in 2005.

The Acquisitions are strategically targeted to companies which provide synergy to MEDEC in particular via a large distribution network to improve our international market position and to companies which have products complementary to the MEDEC products range and suitable for manufacturing in our Australian and German manufacturing facilities.

MEDEC has recently finalised the upgrading of the German manufacturing facilities to accommodate larger quantities and to fully comply with the audit requirements of the European Devices Directive. Upgrading of the Australian manufacturing facility to a TGA audited standard is planned. Applications have been submitted in USA for certification of the products in accordance with the FDA requirements. The company is therefore now seeking to increase its product range to make full use of the Hi-Tech medical manufacturing capacity.

Low cost manufacturing in South East Asia and China of portion of the MEDEC / ATHLEGEN product range will improve the competitiveness of our products and increase profit margins. Additional products which can be integrated into these planned manufacturing facilities will provide good utilisation of the facilities and its infrastructure.

MEDEC's research and development potential, which includes a collaboration agreement with RMIT University, can also be utilised for a larger product range. The continuous high demands of medical and clinical studies and marketing support via seminars is better achieved with an increased scientific infrastructure and its utilisation.

MEDEC's product range has universal appeal and attracts universal interest. A larger marketing infrastructure will provide better utilisation of the product potential and a improved service to the international distributors and their clients. This is particular of interest due to the high costs involved in attending to international trade exhibitions and conferences.

This is of particular interest for part of the Athlegen product range which has a market share of more then 50 % in Australia but has a low distribution in Europe.

MEDEC has been and still is continuously improving and increasing its corporate structure and international management and marketing network. Such an infrastructure is well capable of integrating further international opportunities.



The criteria established by the MEDEC board for the acquisition of a target business are:

- Positive cash flow performance
- A high rate of return
- High growth potential
- Provide the MEDEC group with a larger product range with an universal product appeal which is compatible with the MEDEC / ATHLEGEN product range
- A product range which can be enhanced, upgraded and improved with MEDEC's hi-tech research, development and engineering "Know How"
- Products which are suitable for certification in accordance with the European Devices Directive 93/42/EEC, the Australian TGA and the USA FDA standards.
- Products which are suitable for manufacturing within the existing MEDEC manufacturing facilities in Australia and Germany and the planned manufacturing facility in South East Asia and China
- An international distribution network which can also be used for sales of the MEDEC / ATHLEGEN product range, particular in Europe and USA
- Potential savings in operational costs by above synergy effects
- Existing owners of the business to stay involved for several years based on a performance
- Final takeover to be subject to a satisfactory commercial and legal due diligence approved by the MEDEC board.

Negotiations are currently being held with two companies which meet MEDEC's criteria. The product range is complementary to the MEDEC product range and can be enhanced by MEDEC to conform to the higher level of medical certification. Established international distributors will increase MEDEC's international distribution network. The possible integration of these companies will therefore provide a high synergy effect with substantial growth opportunities for the MEDEC group.

The acquisitions will be subject to satisfactory due diligence. Further details on the acquisitions and their effect on the future growth of MEDEC will be announced prior to the general meeting and prior to the board authorising the fund raising.

The directors further advise that the company does not require nor does it intend to raise additional funds for the current ongoing operations of the company.

## GLOSSARY

"ASX" means Australian Stock Exchange Limited;

"Directors" means directors of Medec unless the context indicates otherwise;

"Explanatory Memorandum" means the information attached to the Notice of Meeting which provides information to shareholders about the resolutions contained in the Notice of Meeting;

"Listing Rules" means Listing Rules of the ASX;

"Notice of Meeting" means the notice of meeting which accompanies this Explanatory Memorandum;

"Medec" or "Company" means Medec Limited ACN 100 531 191;

"Shares" means ordinary fully paid shares issued in the capital of the Company; and

"VEM" means VEM Aktienbank AG of Germany

**MEDEC LIMITED  
ACN 100 531 191  
PROXY FORM**

The Company Secretary  
Medec Limited ACN 100 531 191

Address: 22 Letchworth Centre Avenue  
Salter Point WA 6152  
Facsimile: (08) 9450 7422

I/We (name of shareholder) .....  
of (address) .....  
being a member/ members of Medec Limited **HEREBY APPOINT**  
(name) .....  
of (address) .....  
and/or failing him (name) .....  
of (address) .....  
or failing that person then the Chairman of the General Meeting as my/our proxy to vote for me/ us  
and on my/our behalf at the General Meeting of the Company to be held on June 3, 2005 at 3pm at  
the Conference Centre, Technology Park, 2 Brodie Hall Drive, Western Australia and at any  
adjournment of the meeting.

*Should you so desire to direct the Proxy how to vote, you should place a cross in the appropriate box(s) below:*

I/We direct my/our Proxy to vote in the following manner:

		For	Against	Abstain
Resolution 1	Ratification of Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification of Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval to Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

*If you do not wish to direct your proxy how to vote, please place a mark in this box.  
By marking this box, you acknowledge that the Chairman may exercise your proxy even  
if he has an interest in the outcome of Resolutions 1-3 and votes cast by him other  
than as proxy holder will be disregarded because of that interest.*

The Chairman intends to vote any undirected proxies in favour of the resolutions.

Dated: 2005

*This Proxy is appointed to represent \_\_\_\_% of my voting right, or if 2 proxies are appointed  
Proxy 1 represents \_\_\_\_% and Proxy 2 represents \_\_\_\_% of my total votes.  
My total voting right is \_\_\_\_\_ shares*

*If the shareholder is an individual:*

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

*If the shareholder is a company:*

Affix common seal (if required by Constitution)

\_\_\_\_\_  
Director/Sole Director and Secretary

\_\_\_\_\_  
Director/Secretary