



NYLEX LIMITED
ABN 95 009 375 553

Notice of General Meeting

to be held on

Friday, 19 September 2008 at 9.30 am
(Melbourne time)

at

Bayview on the Park
52 Queens Road
Melbourne 3004

and

Explanatory Memorandum

THIS IS AN IMPORTANT DOCUMENT

**If you are in doubt as to how to deal with it, please contact your
stockbroker or your financial or other professional adviser immediately.**

For personal use only

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13 August 2008

Dear Nylex shareholder,

Pivotal Group (Aust) Pty Ltd ("**Pivotal Group**") has requisitioned an Extraordinary General Meeting ("**EGM**") to remove three incumbent directors of the Company and appoint three nominees of Pivotal Group in their place.

The Board, in this situation, must act in the best interests of the Company's shareholders as a whole by ensuring that shareholders have before them all available information that is material to their decisions on how to vote on the Resolutions at the EGM.

Indeed, the calling of the EGM by Pivotal Group raises a number of issues for the Company's shareholders. The Board shares the concern of shareholders in general at the poor performance of the Company in recent times, and plans have been put in place for change, as advised to the market on 1 May 2008. The "One Nylex" program is being implemented and the Board has recently appointed the well credentialed Proudfoot Group to consult on this process to accelerate the rate of change and expand its scope. An update on the "One Nylex" program, and the role of the Proudfoot Group in this process, will be provided with or immediately after the release of the Company's preliminary full year results for FY2008 at or around the end of August 2008.

In these circumstances, there are a number of matters relating to Pivotal Group and the Resolutions to be considered at the EGM which should be put before shareholders.

First, Mr Leslie Chaplin (of Pivotal Group) has told members of the Board that, if elected, he intends to take on a role as an Executive Director. He has further informed the Board and other parties that, if elected, he intends to procure the appointment of a group of his colleagues to a consulting role, at a significant expense to the Company, to manage a process of change across the Company's operations. The implementation of such a proposal may constitute a related-party transaction under the Listing Rules and the Corporations Act, in respect of which separate shareholder approvals may need to be sought prior to any such appointment of Mr Chaplin and colleagues.

The Board has not had an opportunity to consider the appropriateness of such a proposal, as Mr Chaplin has not communicated to the Board in any degree of detail how such a proposal might add value to any aspect of the Company's strategic, financial or operational performance. I have asked Mr Chaplin for details of his plans but have not received any information of that nature from him as at the date of this letter.

Further, it is not clear whether Pivotal Group has a long term commitment to being a Nylex shareholder. Pivotal Group's current shareholding of 5.10% of shares in Nylex was acquired from Wroxby Pty Ltd ("**Wroxby**") under an Option Deed dated 1 July 2008. Under the terms of the Option Deed, Pivotal Group's current shareholding is subject to *both* a put option (which is exercisable by Pivotal Group in respect of disposing of all of those shares), *and* a call option (which is exercisable by Wroxby in respect of re-acquiring all of those shares). That is, the Option Deed entitles Pivotal Group to, at its discretion, have Wroxby re-purchase Pivotal Group's current shareholding in Nylex within 89 days of Pivotal Group having first acquired those shares. After that time, Wroxby is entitled to *re-purchase* those shares from

Nylex Limited

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ABN 95 009 375 553

Pivotal Group at any time up to 27 January 2009. As at the date of this letter, Wroxby's ultimate holding company is publicly recorded as being Australian Capital Equity Pty Ltd, which has been a substantial holder in the Company for several years.

The Company clearly requires a process of change and the Board has acted to instigate change since the unacceptable 31 December 2008 half-year results were announced to the market. Through the "One Nylex" program as well as the recent engagement of the Proudfoot Group, the Board is committed to improving the performance of the Company across all facets of its business and operations, and will continue to be. I am fortunate to have had the full support and assistance of my fellow Board members through these challenging times for the Company.

As a full time Executive Director, as well as the Chairman of Nylex Limited, I believe that the most appropriate course is for me to not make a recommendation to shareholders in respect of how they should vote on the Resolutions. A key reason is that I will, in any event, continue to serve Nylex in my capacity as the Executive Chairman of the Board beyond the EGM, and a recommendation from myself would be inappropriate in the circumstances. Thus my objective in preparing and approving the Explanatory Memorandum has been to ensure that the Company's shareholders are properly informed before they make voting decisions for the purposes of the EGM.

As directors who are subject to removal Resolutions at the EGM, Mr Terrence Francis, Mr Suresh Withana and Mr Ian Fraser have also abstained from making recommendations to the Company's shareholders as to how they should vote on the Resolutions.

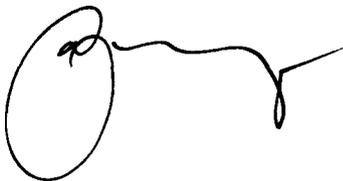
While abstaining from making a recommendation, Mr Suresh Withana has informed me that he is not in favour of any of the Resolutions. Mr Withana has advised that the current Nylex Board continues to enjoy the full support of Harmony Investment Fund Limited, which is a substantial holder in the Company. Mr Withana has expressed his views in his individual director's statement, which is enclosed with this Notice of General Meeting and Explanatory Memorandum.

Mr John Nicholls recommends that shareholders vote against each of the Resolutions, for the reasons set out in the Explanatory Memorandum.

Mr Terrence Francis has advised that he intends to retire as a director of the Company at the conclusion of the Company's Annual General Meeting ("AGM") to be held in or around November 2008. As Chair of the Audit and Risk Committee, he intends to remain on the Board until such time in order to ensure that the Company's audit processes, its financial year end accounts, and the presentation of those accounts at the AGM are carried out smoothly.

All shareholders are encouraged to carefully consider the materials provided in this Notice of General Meeting and Explanatory Memorandum, and any additional materials that may be forwarded to them prior to the EGM.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter George', with a large, stylized initial 'P'.

Peter George
Executive Chairman
Nylex Limited

NYLEX LIMITED

ABN 95 009 375 553

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of members of Nylex Limited ("Nylex" or the "Company") will be held at 9.30 am on Friday, 19 September 2008 at Bayview on the Park, 52 Queens Road, Melbourne 3004 ("EGM").

The EGM has been requisitioned by a member of the Company under section 249D of the Corporations Act.

AGENDA

Special Business

To consider and, if thought fit, pass each of the following 6 separate Resolutions as ordinary resolutions of the Company:

1. *"That Mr Ian Fraser be and is hereby removed from office as a director of the Company, and that Mr Leslie B Chaplin be and is hereby appointed as a director of the Company in his place."*
2. *"That, in the event that either Resolution 1 is not passed or that Mr Ian Fraser is no longer a director of the Company at the time Resolution 1 is voted on, Mr Leslie B Chaplin be and is hereby appointed a director of the Company."*
3. *"That Mr Terrence Francis be and is hereby removed from office as a director of the Company, and that Mr Giuseppe Coronica be and is hereby appointed as a director of the Company in his place."*
4. *"That, in the event that either Resolution 3 is not passed or that Mr Terrence Francis is no longer a director of the Company at the time Resolution 3 is voted on, Mr Giuseppe Coronica be and is hereby appointed a director of the Company."*
5. *"That Mr Suresh Withana be and is hereby removed from office as a director of the Company, and that Mr Kenneth MacLeod be and is hereby appointed as a director of the Company in his place."*
6. *"That, in the event that either Resolution 5 is not passed or that Mr Suresh Withana is no longer a director of the Company at the time Resolution 5 is voted on, Mr Kenneth MacLeod be and is hereby appointed a director of the Company."*

BY ORDER OF THE BOARD

DESMOND J KELLY

COMPANY SECRETARY

Dated this 13th day of August 2008

Voting by Proxy

A PROXY FORM is enclosed with this Notice of General Meeting

- A member entitled to attend and vote at the EGM may appoint a proxy.
- A member entitled to cast two or more votes at the EGM may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise at the EGM. If a member appoints two proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise at the EGM, each proxy may exercise half of the votes (disregarding the fractional part of such votes). If a member appoints two proxies, neither may vote on a show of hands.
- A person appointed as proxy need not be a member of the Company. The proxy may be an individual or a body corporate.
- For an appointment of a proxy to be effective, the proxy form (and, if the form is signed by the appointor's attorney, the authority under which the proxy form is signed or a certified copy of such authority) must be:
 - deposited at the Share Registry of the Company, Computershare Investor Services located at Yarra Falls, 452 Johnston Street, Abbotsford, Victoria 3067; *or*
 - successfully transmitted by facsimile to the Share Registry of the Company on (03) 9473 2555; *or*
 - deposited at the registered office of the Company located at 50-70 Stanley Drive, Somerton, Victoria 3062,

by no later than 9.30 a.m. (Melbourne time) on Wednesday, 17 September 2008.

Corporate Representatives

- If a representative of a corporate member is to attend the meeting pursuant to section 250D of the Corporations Act, a certificate of appointment of the representative must be produced prior to admission to the meeting.
- The form of a certificate of appointment can be obtained from the Share Registry of the Company, Computershare Investor Services located at Yarra Falls, 452 Johnston Street, Abbotsford, Victoria 3067.

Specified Time for Determining Voting Entitlements

- The Directors have determined that the shareholding of each shareholder for the purposes of ascertaining the voting entitlements for the General Meeting will be as it appears in the share register of the Company at 7.00 pm (Melbourne time) on Wednesday, 17 September 2008.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the purpose of assisting shareholders in understanding the items of special business to be put to shareholders at the forthcoming Extraordinary General Meeting ("EGM") of the Company on Friday, 19 September 2008 at 9:30 am.

1. The Pivotal Request

On 24 July 2008, the directors of the Company received from Pivotal Group (Aust) Pty Ltd ("Pivotal Group") a request that the directors of the Company call and arrange a general meeting to consider 6 Resolutions concerning the removal and appointment of directors ("Pivotal Request").

Mr Leslie Chaplin is a director of Pivotal Group, in addition to Mr Perry Chaplin.

Under section 249D of the Corporations Act, the directors of a company must call and arrange to hold a general meeting on the request of a member with at least 5% of the votes that may be cast at the general meeting (calculated as at the midnight before the request is given). The general meeting must be called within 21 days, and must be held no later than two months, following such a request by an entitled member. The request must be in writing, state any resolution to be proposed at the meeting, be signed by the member(s) making the request, and be given to the company.

At the time of the Pivotal Request, Pivotal Group held 5.10% of the issued ordinary shares in the capital of the Company, giving Pivotal Group 5.10% of the votes that may be cast at the general meeting being requisitioned under the Pivotal Request.

The EGM is being held pursuant to the Pivotal Request, and Resolutions 1 to 6 are being proposed in exact compliance with the terms of the Pivotal Request.

2. Retirement of Mr Terrence Francis

Mr Terrence Francis (who is proposed to be removed under Resolution 3) has tendered a formal letter to the Board advising that he will retire as a director of the Company at the conclusion of the Company's Annual General Meeting to be held in or around November 2008 ("AGM").

As the Chair of Nylex's Audit and Risk Committee, Mr Francis is of the view that it would be in the interests of the Company that he does not resign until the conclusion of the AGM. His decision to not retire prior to the AGM has been made to ensure that there is continuity of oversight over the Company's audit processes, its financial year end accounts, and the presentation of those accounts at the AGM. This continuity will assist the Company's transition following the engagement of a new auditor in November 2007.

3. Abstentions and recommendations of Directors

- **No recommendations by Mr Fraser, Mr Francis or Mr Withana**

The 6 Resolutions set out in the Notice of General Meeting propose the removal of 3 current directors of the Company and the appointment of 3 nominees of Pivotal Group to the office of director of the Company, summarised as follows:

<i>Current director proposed to be removed</i>	<i>Nominations of Pivotal Group for appointment as a director</i>	<i>Relevant Resolutions</i>
Ian Fraser	Leslie B Chaplin	1 and 2
Terrence Francis	Giuseppe Coronica	3 and 4
Suresh Withana	Kenneth MacLeod	5 and 6

Mr Ian Fraser, Mr Terrence Francis and Mr Suresh Withana (each an "**Interested Director**") have a material personal interest in the outcomes of, respectively, Resolutions 1, 3 and 5, in that they might be removed as directors of the Company pursuant to those Resolutions.

Because of the respective material personal interests of the Interested Directors, each of them has **abstained from making any recommendations** to the Company's shareholders on how the shareholders should vote on the Resolutions.

- **No recommendation by Mr Peter George**

The Executive Chairman of the Board, Mr Peter George, has decided to **not make any recommendations** to the Company's shareholders on how they should vote on each of the Resolutions.

Mr George's decision is based on the fact that he has a primary duty, in his capacity as the Executive Chairman of the Board, to ensure that the Company's shareholders are properly informed when making their decisions on how they will vote. Mr George has formed this view having regard to the fact that he will, in any event, continue to serve in his capacity as the Executive Chairman beyond the EGM.

Thus Mr George has agreed with each other member of the Board that it is in the best interests of the Company's shareholders that his involvement in the preparation of this Explanatory Memorandum be focussed on the provision of all available material information in a manner which is objective and fair.

In respect of proxy forms, shareholders should also note that, as the Chair of the EGM, Mr George will **abstain from voting undirected proxies** on each of the Resolutions.

- **Recommendation of Mr John Nicholls**

Non-Executive Director, Mr John Nicholls, recommends that the Company's shareholders vote **against** each of the Resolutions, based on the issues highlighted in the Chairman's letter, and explained in further detail in section 5 of this Explanatory Memorandum.

4. The Resolutions and Board Composition

The Board is currently comprised of the following directors:

- **Peter George**, Executive Chairman
- **Terrence Charles Francis**, Chairman Audit & Risk Committee
- **Ian Leslie Fraser**
- **John Nicholls**
- **Suresh Withana**

Resolutions 1, 3 and 5 propose, respectively, that Mr Ian Fraser, Mr Terrence Francis and Mr Suresh Withana be removed from the office of Company director. Resolutions 1, 3 and 5 also propose that, *in place of* the aforementioned Interested Directors, Mr Leslie B. Chaplin, Mr Giuseppe Coronica and Mr Kenneth MacLeod (each a "**Nominated Director**") *respectively* be appointed to the office of Company director.

Therefore, if Resolutions 1, 3 and 5 are passed, the Board will be comprised as follows:

- **Peter George**
- **John Nicholls**
- **Leslie B Chaplin**
- **Giuseppe Coronica**
- **Kenneth MacLeod**

Resolutions 2, 4 and 6 propose that the Nominated Directors be appointed to the office of Company director in the event that:

- the relevant Resolution proposing the removal of any of the Interested Directors (i.e. Resolutions 1, 3 or 5) is not passed; or
- any of the Interested Directors proposed to be removed under Resolutions 1, 3 and 5 are no longer directors of the Company at the time of the EGM.

One potential effect of the 6 Resolutions, as set out in the Notice of General Meeting, on the composition of the Company's Board is that, if:

- all three Resolutions concerning the removal of directors (i.e. Resolutions 1, 3 and 5) fail to be passed;
- all the Interested Directors remain in office at the time of the EGM; and
- all three Resolutions proposing the appointment of Pivotal Group's nominees (i.e. Resolutions 2, 4 and 6) are passed,

the Board would be comprised of 8 directors in total. This is permitted under the Company's constitution, which provides that the number of Company directors in office must not exceed 10 at any one time, and the Board has not resolved otherwise.

Each of the Nominated Directors has given the Company a signed consent to act as a director of the Company, and is eligible, in accordance with the Corporations Act and the Company's constitution, to be elected to the office of director of the Company at the EGM.

5. Pivotal Group and the Nominated Directors

Acting in the best interests of the Company's shareholders as a whole, the Board has determined that the following issues should be brought to the attention of the Company's shareholders in deciding how to vote on the Resolutions:

- **Pivotal Group's commitment as a Nylex shareholder is unclear**

As at the date of the Pivotal Request, Pivotal Group held 5.10% of the issued capital (2,200,000 ordinary shares) in the Company ("**Shares**"). This shareholding in Nylex was recently acquired by Pivotal Group under an option deed between Pivotal Group and Wroxby Pty Ltd ("**Wroxby**") dated 1 July 2008 ("**Option Deed**"). (The Option Deed is attached to a notice of initial substantial holder dated 3 July 2008 and lodged with the Australian Stock Exchange.)

There are certain features of the arrangements under which the Shares were acquired by Pivotal Group which mean that Pivotal Group's commitment to Nylex as a long term shareholder is unclear.

First, the purchase price for the Shares (being \$2.2 million in total) only becomes payable by Pivotal Group to Wroxby on the date which is 90 days after Pivotal Group "called" for the Shares. While this may seem to be no more than a timing of payment issue, the Option Deed also entitles Pivotal Group to "put" the Shares *back* to Wroxby at any time during the period which is 89 days following Pivotal Group's acquisition of the Shares ("**Pivotal Put Option**"). In the event that Pivotal Group exercises the Pivotal Put Option within that timeframe, all of Pivotal Groups' payment obligations in respect of the Shares are deemed to be cancelled. In effect, **this arrangement entitles Pivotal Group to "walk away" from its current ownership of the Shares** without undertaking any financial risk for a period of 89 days following its acquisition of the Shares.

Second, the Option Deed entitles Wroxby to *re-purchase* the Shares from Pivotal Group. This call option arises in favour of Wroxby on the 91st day following Pivotal Group's acquisition of the Shares and remains "live" up to 27 January 2009. During this time period, **Wroxby is effectively entitled to control whether Pivotal Group continues to own the Shares**. Wroxby's option to re-repurchase the Shares from Pivotal Group is subject to Pivotal Group not "putting" the Shares back to Wroxby under the Pivotal Put Option within the 89 day timeframe (as described above). The consideration that is payable by Wroxby to Pivotal Group in the event that Wroxby "re-calls" the Shares is \$2.75 million in total (i.e. a 25% premium on the original price).

As at the date of this Explanatory Memorandum, Wroxby's ultimate holding company is publicly recorded as being Australian Capital Equity Pty Ltd, which has been a substantial holder in the Company for several years.

- **Intentions of Mr Chaplin**

Mr Chaplin has indicated to members of the Board that he would like to be appointed as an Executive Director of the Company. Mr Chaplin has further indicated to members of the Board that, if elected, he wishes to appoint a team of his colleagues, at a significant expense to the Company, to manage a process of change across the Company's operations.

The Board notes that Mr Chaplin's proposal is both incomplete and unclear as to its commercial objectives. Mr Chaplin has not informed the Board of any specific details relating to the strategic, operational or financial objectives that he hopes to achieve for the Company by way of implementing such a proposal. As at the date of this Explanatory Memorandum, this remains the case despite the fact that the Executive Chairman, Mr Peter George, has asked for Mr Chaplin to clarify the key aspects of the proposal.

In particular, the Board notes that it has not been provided with clear details by Mr Chaplin as to:

- how Mr Chaplin's proposal might benefit the Company in terms of improving its profitability, cash-flow or gearing (whether over the short term or otherwise);
- whether Mr Chaplin or his team of colleagues has identified any specific key issues relating to the Company's operational structure, nor whether this proposal may assist the Company in implementing or executing cost-saving initiatives; nor
- how such a proposal would complement, or replace, the initiatives currently being undertaken by the Company, in particular the "One Nylex" program (which was first announced to the Australian Stock Exchange on 1 May 2008, and on which the Board will provide an update together with or immediately after the release of the preliminary full year results for FY2008, which will occur at or around the end of August 2008).

Additionally, the Board also notes that such a proposal may constitute a related-party transaction under the Listing Rules and the Corporations Act, in respect of which separate shareholder approvals may need to be sought prior to any appointment of Mr Chaplin's team of colleagues.

6. No Statement by Pivotal Group

Under section 249P of the Corporations Act, Pivotal Group (as a shareholder holding more than 5% of Nylex's issued capital) has the right to have a statement about any of the Resolutions to be considered at the EGM distributed to the Company's shareholders.

As at the date of this Explanatory Memorandum, Pivotal Group has not provided any such statement to the Company for the purpose of inclusion in this Explanatory Memorandum. However, the Company is obliged under the Corporations Act to circulate any such statement to the Company's shareholders that is given to the Company by Pivotal Group after the date of this Explanatory Memorandum.

7. Director's Right to Put Case to Shareholders

Under section 203D of the Corporations Act, each of the Interested Directors is entitled to put their case to shareholders by:

- giving the Company a written statement for circulation to members; and
- speaking to the motion at the meeting.

Mr Suresh Withana has given the Company a written statement for this purpose.

His statement is **enclosed** with this Notice of General Meeting and Explanatory Memorandum.



Nylex Limited

ABN 95 009 375 553

000001 000 NLX
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
+61 3 9473 2555

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

For your vote to be effective it must be received by 9.30am (AEST) Wednesday, 17 September 2008

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.computershare.com.

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- Review your securityholding
- Update your securityholding

Your secure access information is:

SRN/HIN: I9999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Nylex Limited hereby appoint

the Chairman of the meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting 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) at the General Meeting of Nylex Limited to be held at Bayview On The Park, 52 Queens Road, Melbourne, 3004 on Friday, 19th September 2008 at 9.30am and at any adjournment of that meeting.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
1	"That Mr Ian Fraser be and is hereby removed from office as a director of the Company, and that Mr Leslie B Chaplin be and is hereby appointed as a director of the Company in his place."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	"That, in the event that either Resolution 1 is not passed or that Mr Ian Fraser is no longer a director of the Company at the time Resolution 1 is voted on, Mr Leslie B Chaplin be and is hereby appointed a director of the Company."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	"That Mr Terrence Francis be and is hereby removed from office as a director of the Company, and that Mr Giuseppe Coronica be and is hereby appointed as a director of the Company in his place."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	"That, in the event that either Resolution 3 is not passed or that Mr Terrence Francis is no longer a director of the Company at the time Resolution 3 is voted on, Mr Giuseppe Coronica be and is hereby appointed a director of the Company."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	"That Mr Suresh Withana be and is hereby removed from office as a director of the Company, and that Mr Kenneth MacLeod be and is hereby appointed as a director of the Company in his place."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	"That, in the event that either Resolution 5 is not passed or that Mr Suresh Withana is no longer a director of the Company at the time Resolution 5 is voted on, Mr Kenneth MacLeod be and is hereby appointed a director of the Company."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the meeting intends to abstain from voting undirected proxies on each item of business

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date ____/____/____

Director's Statement of MR SURESH WITHANA

under section 203D of the Corporations Act

The following statement has been authored and approved by Mr Suresh Withana.

Dear Shareholders,

As you may be aware, I was appointed to the Board of Nylex pursuant to the last capital raising in December 2006, the purpose of which was to fund the rationalisation and restructuring of the Nylex Group, to restructure its debts, create additional working capital and fund the required costs of restructuring.

Following the December 2006 capital raising, the Group's performance improved tremendously between FY2006 and FY2007, with its EBIT improving from a negative position of \$32.3 million in FY2006 to a positive of \$10.1 million in FY2007. I am honoured to have been part of the existing Board in providing guidance to the management team bringing about this significant improvement to the Group's performance in FY2007.

Pursuant to the December 2006 capital raising, Harmony Investment Fund Limited ("**Harmony**") became a substantial Noteholder of the Company. I am one of the 2 directors that Harmony nominated to the Board, the other being Mr. John Nicholls. In addition to Nylex Limited, I also hold or have held board seats in both publicly listed and private companies in Australia and other jurisdictions. I was a licensed investment adviser regulated under the Financial Services Authority, United Kingdom, from December 2001 to August 2005 and am currently licensed as a "Responsible Officer" to carry out asset management activities regulated under the Hong Kong Securities and Futures Commission. To the best of my knowledge and belief, the directors nominated by Pivotal have not held any public company directorships in the recent past. In some instances, to the best of my knowledge, some directors have not held ANY directorships in either public or private companies.

Harmony (I am a director on the board of this company) became a substantial shareholder in Nylex when it converted all its notes in September 2007. As a nominee of a substantial shareholder, I am acutely aware of the financial 'pain' that you as shareholders have experienced in the past 9 months bearing in mind that Harmony currently owns a 12.85% stake in the Company since the conversion in September 2007. **Despite the financial losses suffered to date by Harmony, it is fully supportive of the recent initiatives announced to the market by the Executive Chairman (including the One Nylex plan) and intends to support the current Board of directors and the Company during this difficult time.**

In his letter dated 29 July 2008 apparently sent to certain shareholders, Mr. Leslie Chaplin of Pivotal stated that Pivotal would circulate a strategy for board approval within 6 to 8 weeks of the new board being formed. **I believe this is a significant piece of information that you, as shareholder, should be provided with PRIOR to being asked to evaluate the merits of the resolutions put forward for consideration.** Whilst Mr. Chaplin has asserted that he is well equipped to achieve the desired end result for Nylex, there is no indication what the "desired end result" would be and how he intends to achieve this result. The assertion is qualified with a statement that there would be a degree of difficulty and time frame, depending on the information that comes out of Pivotal's investigation of all of the Company's divisional operations. This must be contrasted with the existing board members' intimate knowledge of the Company's operations, the restructuring plans which are already underway and the financial objectives for the Group.

As shareholders, I believe you should be clearly informed of the potential cost of the Pivotal initiatives to your Company, bearing in mind that Pivotal is a management consulting company that has in the past, unsuccessfully, proposed to render consulting services to the Company. **I have been made aware of representations made by a member of the Pivotal group to my fellow directors that its “initiatives” will cost the Company in excess of \$2.0 million in the first year, including an expectation that significant compensation be paid to some of the directors nominated by Pivotal.** To my knowledge, no plan or data has been put forward to justify this intention.

I also believe it is important to highlight to you the fact that Pivotal may have no ongoing financial investment in the Company beyond the date of the EGM. Under the terms of the Pivotal Option Deed disclosed on 3 July 2008, Pivotal was granted an option to acquire a 5.10% interest in the Company from the seller, Wroxby Pty Ltd (whose ultimate holding company is Australian Capital Equities Pty Ltd.) I understand that as at 23 July 2008, Pivotal has exercised its call option to acquire the 5.10% interest. Pursuant to the terms of the Pivotal Option Deed, **Pivotal had 90 days from the date it exercised its call option (ie on or about 20 October 2008) to pay the purchase consideration of \$2.2 million for its 5.10% interest. It is unclear whether or not Pivotal has in fact paid the purchase consideration.**

However, what you should note is that under the terms of the Pivotal Option Deed, **Pivotal can also sell back its 5.10% stake in the Company for \$2.2 million** to the original seller 89 days from the date Pivotal exercised its call option, i.e. **on or around 19 October 2008. In clear terms, this arrangement allows Pivotal to ‘own’ a 5.10% stake in your company and potentially secure control of the Board through its nominees - all without having any cash investment outlaid by the end of the process.** To date, I am not aware of any public declaration by Pivotal that it will NOT put its shares back to the seller.

It is regrettable that the board of Nylex should be distracted by such unnecessary actions from a party that could have no ongoing financial investment in the Company and yet seeks to control your Company with no clear current statement of its strategy to do things better than that implemented by the current Board of which I am a member. I would ask the shareholders to allow the current board members, including myself, to continue working towards implementing the vision, One Nylex, presented by the Executive Chairman, Mr. Peter George.

I am happy to respond to any questions that shareholders may have on any of the matters addressed above. Should you wish to discuss the foregoing, please feel free to contact me through the Company or directly on +65 6720 2828.

Yours faithfully,

Suresh Withana

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