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**MEDEC LIMITED
ACN 100 531 191**

**NOTICE OF ANNUAL GENERAL MEETING
EXPLANATORY STATEMENT
PROXY FORM**

**Annual General Meeting to be held at Seminar Room, Medec Limited, 22
Letchworth Centre Avenue, Salter Point, Western Australia on**

30 November 2007

commencing at 11:00 am (WST).

This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional advisor without delay

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of the Shareholders of Medec Limited (ACN 100 531 191) ("**Company**") will be held at the Seminar Room, Medec Limited, 22 Letchworth Centre Avenue, Salter Point, Western Australia on Friday, 30 November 2007 commencing at 11:00 am WST.

ORDINARY BUSINESS

FINANCIAL STATEMENTS AND REPORTS

To receive and consider the Annual Financial Report of the Company, together with the Directors' and Auditor's Report for the financial year ending 30 June 2007.

RESOLUTION 1: ADOPTION OF REMUNERATION REPORT (NON-BINDING)

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

"That, in accordance with section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the Remuneration Report."

The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

RESOLUTION 2: RE-ELECTION OF MR GIULIO CIMETTA AS A DIRECTOR

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

"That, Mr Giulio Cimetta, being a Director of the Company who retires in accordance with article 11.3 of Company's Constitution, and being eligible, be re-elected."

RESOLUTION 3: RE-ELECTION OF MR CHRISTOPHER FAIRMAN AS A DIRECTOR

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

"That, Mr Giulio Cimetta, being a Director of the Company who retires in accordance with article 11.12 of Company's Constitution, and being eligible, be re-elected."

RESOLUTION 4: RATIFY THE ISSUE OF SHARES TO FRANK LOWAS

To propose and, if thought fit to pass 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 issue on 30 April 2007 of 304,545 fully paid ordinary Shares in the Company at an issue price of 16.5 cents each on the terms and conditions set out in the Explanatory Statement attached to this Notice of Annual General Meeting, to Frank Lowas."

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution by Frank Lowas or his associates or anyone who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the resolution is passed, or any associate of those people. However the Company need not disregard a vote on this resolution if:

- it is cast by those people excluded from voting as proxy, appointed in writing for a person who is entitled to vote, in accordance with the directions on the proxy form and is not cast on behalf of a person excluded from voting or their associates; or
- it is cast by a person chairing the Annual General 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.

SPECIAL BUSINESS

RESOLUTION 5: CANCELLATION OF SHARES HELD BY SIVA ANANDA RAJAH

To propose and, if thought fit to pass the following resolution as a **special resolution**:

"That, in accordance with section 257D of the Corporations Act and for all other purposes, approval be and is hereby given to the cancellation of 9,059,447 Shares held by Siva Ananda Rajah on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Annual General Meeting"

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution by Siva Ananda Rajah or his associates or anyone who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the resolution is passed, or any associate of that person. However the Company need not disregard a vote on this resolution if:

- it is cast by that person excluded from voting as proxy, appointed in writing for a person who is entitled to vote, in accordance with the directions on the proxy form and is not cast on behalf of a person excluded from voting or their associates; or
- it is cast by a person chairing the Annual General 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.

GENERAL NOTES

EXPLANATORY STATEMENT

The accompanying Explanatory Statement forms part of this Notice of Annual General Meeting and should be read in conjunction with it.

Shareholders are specifically referred to the Glossary in the Explanatory Statement, which contains definitions of capitalised terms used in this Notice of Annual General Meeting.

PROXIES

Please note that:

- (a) a Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company;
- (c) a Shareholder may appoint a body corporate or an individual as its proxy;
- (d) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and
- (e) Shareholders entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the Annual General Meeting or handed in at the Annual General Meeting when registering as a corporate representative.

VOTING ENTITLEMENTS

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporate Regulations 2001, the Board has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the register of Shareholders as at 11:00 am (WST) on 28 November 2007. Accordingly, transactions registered after that time will be disregarded in determining Shareholder's entitlement to attend and vote at the Annual General Meeting.

By Order of the Board of Directors

Lloyd A Halvorson
Company Secretary
30

October

2007

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's Annual General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company, which is material to a decision on how to vote on the resolutions in the accompanying Note of Annual General Meeting.

Capitalised terms in this Explanatory Statement are defined in the Glossary.

This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting and should be read in full before making any decision in relation to the resolutions.

RESOLUTION 1: REMUNERATION REPORT (NON-BINDING)

Section 250R(2) of the Corporations Act requires a resolution adopting the Remuneration Report be put at the Annual General Meeting. Section 249L(2) of the Corporations Act requires the Company to inform Shareholders that the resolution on the Remuneration Report will be put at the Annual General Meeting.

Under section 250R(3) of the Corporations Act this resolution is advisory only and does not bind the Directors or the Company.

RESOLUTION 2: RE-ELECTION OF MR GIULIO CIMETTA AS A DIRECTOR

Mr Giulio Cimetta was appointed a Director of the Company on 13 May 2002.

Under Article 11.3 of the Company's Constitution one third of the Board of Directors must retire. Under Article 11.4 of the Company's Constitution a retiring Director is eligible for re-election.

Pursuant to Article 11.3 of the Company's Constitution, Mr Giulio Cimetta, being a Director of the Company retires at this meeting and, being eligible, offers himself for re-election as a Director of the Company.

RESOLUTION 3: RE- ELECTION OF MR CHRISTOPHER FAIRMAN AS A DIRECTOR

Mr Christopher Fairman was appointed a Director of the Company on 23 April 2007.

Pursuant to Article 11.12 of the Company's Constitution, Mr Fairman being a Director of the Company appointed by the Board, holds his directorship until the next annual general meeting. Accordingly he retires at this meeting and, being eligible, offers himself for re-election as a Director of the Company.

RESOLUTION 4: RATIFY THE ISSUE OF SHARES TO FRANK LOWAS

This resolution seeks ratification of Shareholders to the issue of 304,545 Shares issued by the Company prior to the date of this Annual General Meeting.

On 5 December 2005, the Company signed a Purchase Agreement with Frank Lowas for the acquisition of the remaining 20% equity interest not owned by the Company in the Company's subsidiary, Swandale Holdings Pty Ltd. The agreement provided for consideration of \$500,208 payable as follows:

- (a) \$250,104 in cash; and

(b) \$83,368 per year for 3 years in cash or shares.

The Company has previously announced details of the acquisition.

The issue of 304,545 Shares, the subject of this resolution, is part payment of the first yearly payment of \$83,368 under the Purchase Agreement.

Listing Rule 7.4

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue complied with 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 in a 12 month period without requiring shareholder approval.

At the date of the issue of Shares to Mr Lowas, the Company had 72,127,733 shares on issue and the discretionary power to issue 10,819,159 Shares without requiring Shareholder approval.

Listing Rule 7.5 sets out a number of matters that must be included in a notice of meeting proposing an approval under Listing Rule 7.4. Those matters are dealt with below.

Information for shareholders

This resolution has been included so that, pursuant to Listing Rule 7.4, shareholders may approve and ratify the issue of 304,545 Shares to Frank Lowas and under the requirements of Listing Rule 7.5 the following information is provided to Shareholders:

1. the total number of Shares issued by the Company was 304,545;
2. the Shares were issued at a price of 16.5 cents per Share;
3. the Shares were issued on the same terms and rank equally in all respects as the Company's existing ordinary fully paid Shares;
4. the Shares were issued to Frank Lowas on 30 April 2007; and
5. the issue of Shares was made in lieu of a cash payment in part satisfaction of an instalment for the acquisition of Swandale Holdings Pty Ltd.

RESOLUTION 5: CANCELLATION OF SHARES HELD BY SIVA ANANDA RAJAH

Background Information

On 20 September 2007 the Company announced to the market that by agreement with the parties concerned, it cancelled its agreement, announced to the market on 23 April 2007, to acquire further equity in the capital of Body Contours Pte Ltd ("**Body Contours**").

In May 2006 the Company announced to the market that it had signed a Heads of Agreement with Ananda Rajah and Pushpa Tulsidas, for the Company to acquire 51% of the shareholding of the Singapore company Body Contours. That agreement included an option in the Company's favour to acquire all or part of a further 36.75% interest in Body Contours, exercisable between the end of 2007 and June 2009 at a formulated price and payable in cash or shares in the Company at the option of the Company.

One of the vendors under that agreement, Mr Rajah, became a director of the Company on 4 August 2006 and retired from that position at the Company's annual general meeting on 30 November 2006.

On 23 April 2007 the Company announced to the market that it had signed a Heads of Agreement exercising its option (and bringing forward the exercise date) to acquire further equity in Body Contours from Mr Rajah. The announcement did not make it clear to the market that Mr Rajah had been retired from his position as director for only 5 months and accordingly was still a related party of the Company.

On 15 May 2007 the Company announced that it had issued 8,000,000 shares to Mr Rajah in part consideration of the exercise of the option and in June 2007 the Company announced two smaller issues of shares, of 282,864 and 776,583 respectively, to Mr Rajah in further part consideration of the exercise of the option.

Listing Rules

Listing Rule 10.1 prohibits the acquisition by an entity of a substantial asset (being defined as one that is of value or consideration greater than 5% of the equity value of the entity) from a related party without shareholder approval. The further acquisition of Body Contours was for consideration that was in excess of 5% of the Company's equity as disclosed in its financial reports for 31 December 2006. It was also an acquisition from a related party, as Mr Rajah had been retired from the position of director for less than 6 months. Under the regulatory definition of related party, Mr Rajah continued to be a related party of the Company until 6 months following his retirement as a director of the Company, that is, until 29 May 2007. Shareholder approval had not been obtained under Listing Rule 10.1.

Listing Rule 10.11 prohibits the issue by an entity of securities to a related party without the approval of shareholders. The issue of shares to Mr Rajah in May 2007 was to a related party for the reasons described above. Shareholder approval had not been obtained under Listing Rule 10.11.

Later issues of 282,684 and 776,583 Shares in consideration of the further acquisition occurred after the time Mr Rajah ceased to be a related party but will be cancelled because they resulted from the cancelled Heads of Agreement.

This further acquisition of 24.5% Body Contours, the subject of this cancellation, and the issue of Shares to Mr Rajah, are both inconsistent with the regulatory requirements reflected in the Listing Rules.

Corrective Measures

At the request of ASX, the Company entered into urgent discussions with ASX on 13 and 14 September 2007 resulting in the Company seeking a voluntary trading halt of its shares on the market. The Company fully co-operated with the ASX and, following liaison with the ASX pursuant to Listing Rule 10.9 (which provides for corrective action) the Company opted to take the corrective measures of cancelling the further acquisition. The corrective measures, described in more detail below, are pursuant to Listing Rule 10.9(a), which provides an entity with the option to cancel or arrange the cancellation of the subject transaction.

Under the terms of the cancellation the Company must seek Shareholder approval to cancel 9,059,447 shares issued to Mr Rajah and, upon that cancellation, return to him 12,250 shares in Body Contours. The parties release and indemnify each other from any claims with respect to the Heads of Agreement between them dated 23 April 2007.

Accordingly the Company seeks approval of shareholders by special majority (as required under the Corporations Act) to cancel the 9,059,447 Shares issued to Mr Rajah. Those Shares will be subject to escrow pending their cancellation, on the basis of voluntary restriction by Mr Rajah.

No cash or other assets have changed hands under the further acquisition and there has been no distribution of dividends from the Company to Mr Rajah. However, the Company

has received dividends from Body Contours, of which approximately \$46,000 relates to the Body Contours shares the subject of the cancelled transaction. The Company will repay those dividends by cash.

This cancellation does not affect the Company's earlier acquisition, in July 2006, of 51% of Body Contours, nor does it affect the Company's successful relationship with Body Contours or with Mr Rajah. The Company intends to, in due course, exercise its option to acquire further equity in Body Contours provided such further acquisition is in the best interests of Shareholders.

The Company considers that its investment in the Body Contours group of companies is a sound and successful investment and its relationship with Mr Rajah is of benefit to the Company.

Chapter 2J of the Corporations Act

Chapter 2J of the Corporations Act regulates transactions affecting share capital including buy-backs and cancellations of shares. Section 256 of the Corporations Act provides that a company may reduce its share capital provided that the reduction is fair and reasonable to the company's shareholders as a whole; does not materially prejudice the company's ability to pay creditors and is approved by shareholders under section 256C.

Information for shareholders

This resolution has been included so that, pursuant to section 256C of the Corporations Act, Shareholders may approve the immediate cancellation of 9,059,447 Shares held by Mr Rajah.

Section 256C of the Corporations Act requires that the notice of meeting includes a statement setting out all information known to the company that is material to the decision on how to vote on the resolution. For the purposes that section the background information above and the following information is provided:

Shares to be cancelled

The Company seeks approval to cancel 9,059,447 Shares held by Siva Ananda Rajah that were issued during May and June 2007. All of those Shares are currently restricted from trade pending the proposed cancellation.

Company capital structure (and proposed capital structure)

The Company's Share capital is currently made up of 81,612,725 Shares, including the Shares the subject of this proposed cancellation. Following cancellation, the Company's Share capital will be made up of 72,553,278 Shares.

Reason for cancellation

The Shares to be cancelled were issued in possible contravention of the Listing Rules and the transaction under which they were issued is likely to be challengeable by a relevant shareholder. The Company's Board, following professional advice, resolved that the most prudent and appropriate remedial action was to rescind the transaction. Rescission of the transaction requires the cancellation of the issue of Shares and the return of the relevant portion of Body Contours capital advanced to the Company. The cancellation of Shares under that rescission is subject to the approval of Shareholders as required under the Corporations Act.

Effect of cancellation

The proposed cancellation of the Shares will place the parties, the Company and Mr Rajah, in the position they were in, with respect to the relevant transaction, had the transaction not

occurred. The cancellation provides the most thorough remedy to any possible contraventions of the Listing Rules. The parties are free to negotiate a similar agreement, but subject to Shareholder approval where appropriate.

If the Shareholders do not approve the proposed cancellation of Shares, Mr Rajah will be in possession of Shares that are indefinitely restricted from trade and may claim that the relevant transaction has failed. The Company may face regulatory action with respect to the possible contraventions.

Effect on ability to pay creditors

The Directors consider that the proposed cancellation of Shares will have no effect on The Company's ability to pay its creditors

Fair and reasonable to shareholders as a whole

The Directors consider that the proposed cancellation of Shares is fair and reasonable to Shareholders as a whole.

GLOSSARY

In this Explanatory Statement, the following terms have the following meanings unless the context otherwise requires:

“\$” means Australian Dollars;

“**Associate**” has the meaning given in the Corporations Act;

“**ASX**” means ASX Limited (ACN 008 624 691);

“**Attachment**” means an attachment to this Notice of Annual General Meeting;

“**Board**” means the Company's board of Directors;

“**Company**” means Medec Limited (ACN 100 531 191);

“**Corporations Act**” means the *Corporations Act 2001* (Cth);

“**Directors**” means directors of the Company;

“**Explanatory Statement**” means the information attached to the Notice of Annual General Meeting, which provides information to shareholders about the resolutions contained in the Notice of Annual General Meeting;

“**Listing Rules**” means Listing Rules of the ASX;

“**Notice of Annual General Meeting**” means the notice of meeting which accompanies this Explanatory Statement;

“**Share**” means ordinary fully paid shares issued in the capital of the Company;

“**Shareholder**” means a holder of an interest in the Company; and

“**WST**” means Western Standard Time.

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MEDEC LIMITED
ACN 100 531 191

PROXY FORM

Shareholder Details

Name:

Address:

Contact Telephone No:

Contact Name (if different from above):

Appointment of Proxy

I/We being a shareholder/s of Medec Limited and entitled to attend and vote hereby appoint the following proxy/proxies to attend and act on my/our behalf and to vote in accordance with my/our following directions at the Annual General Meeting of Medec Limited to be held at Seminar Room, Medec Limited, 22 Letchworth Centre Avenue, Salter Point, Western Australia on 30 November 2007 at 11:00am (WST) and at any adjournment of that meeting.

The Chairman of the meeting (mark with an "X")

IMPORTANT:

If the Chairman of the meeting is your proxy, or if appointed your proxy by default and you do not wish to direct him/her how to vote on any of these resolutions, you must mark this box with an "X". The Chairman of the meeting intends to vote undirected proxies in favour of the resolutions.

By marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy on the resolutions (for which you have not given a direction) even if he/she has an interest in the outcome of any resolution and that votes cast by him/her (other than as proxy holder) will be disregarded because of that interest.

OR

If you do not mark this box, and you have not directed your proxy how to vote on the resolution, the Chairman of the meeting will not cast your votes on the resolution (for which you have not given a direction) on a show of hands or on a poll.

If the person you are appointing as your proxy is someone other than the Chairman of the meeting: Write the name of that person in the box below.

 %

You must specify the % of your votes that you authorise your proxy to exercise if:

If you hold 2 or more Shares in Medec Limited you may appoint a second proxy: Write the name of your second proxy in the box below.

 %

- (a) you have only appointed 1 proxy and do not want him/her to exercise all of your votes;
- (b) if you have appointed 2 proxies under this proxy form.

If you do not name your proxy or named proxy fails to attend the meeting, the Chairman of the meeting will be appointed as your proxy to attend and act on your behalf to vote in accordance with the following directions at the Annual General Meeting of Medec Limited to be held at the address and time shown on this Proxy Form.

Voting directions to your proxy

please mark only one of the boxes with an "X" for the resolution to indicate your direction

Ordinary Business

	FOR	AGAINST	ABSTAIN
Resolution 1 Adoption of Remuneration Report (Non-binding)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Mr Giulio Cimetta	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Re-election of Mr Christopher Fairman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Ratify Issue of Shares to Mr Frank Lowas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Special Business

Resolution 5: Cancellation of Shares held by Siva Ananda Rajah

If you mark the "Abstain" box with an "X" for the resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll.

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PLEASE SIGN HERE

This section *must* be signed in accordance with the instruction overleaf to enable your directions to be implemented

Individual or Shareholder 1

Sole Director and
Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company
Secretary

How to complete this Proxy Form

1. Your Name and Address

Please print your name and address as it appears on your holding statement and the Company's share register. If Shares are jointly held, please ensure the name and address of each joint shareholder is indicated. Shareholders should advise the Company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

2. Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box at the beginning of this proxy form. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that persons or persons in the relevant box at the beginning of this proxy form. If you leave that section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the Company.

3. Votes on Resolution

You may direct your proxy how to vote by placing a mark in the box opposite the Resolution in the list above. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the Resolution by inserting percentage or number of shares you wish to vote in the appropriate box. If you do not mark the box on the Resolution, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

4. Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on poll. If you wish to appoint a second proxy please write the name of that person.

To appoint a second proxy you must state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If the Proxy Form does not specify a percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

5. Signing Instructions

You must sign this form as follows in the spaces provided:

- Individual: where the holding is in one name, the holder must sign.
- Joint Holding: where the holding is in more than one name, all of the shareholders should sign.
- Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the company's share registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting a "Certificate of Appointment of Corporation Representative" should be produced prior to admission.

6. Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the meeting. ie. no later than 11:00am (WST) on 28 November 2007. Any Proxy Form received after that time will not be valid for the scheduled meeting.

This Proxy Form may be mailed to the Company's registered office at 22 Letchworth Centre Avenue Salter Point WA 6152 or sent by facsimile to the registered office on +(61 8) 9450 7422.

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