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Manager,
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Australian Stock Exchange
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Stock Exchange Centre
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Dear Sir/Madam,

Shareholder Update – Adjourned General Meeting scheduled for 23 June 2008 – Administrative Services Agreement dispute – litigation commenced by Mr Marchitelli

This letter is provided to shareholders with the intention of up-dating them with information relating to the current proceeding commenced by Mr Marchitelli in the Federal Court of Australia in December 2007 relating to an Administrative Services Agreement (ASA) which Alpha entered into in 2007.

This letter should be read in conjunction with and further to the Notice of Meeting and the accompanying explanatory memorandum (EM) sent to shareholders on 24 April 2008.

Background

At the general meeting of the company held on 26 May 2008, the members at the meeting voted on resolution 1 (which was not passed) however resolutions no. 2, 3 and 4 were adjourned to be considered by the members on 23 June 2008. Those resolutions will be considered by the company in general meeting to be held on 23 June 2008. Resolution no.4 is that the members in general meeting approve and ratify the ASA (members should refer to the precise form of resolution in this regard).

Members will be aware that Mr Marchitelli has commenced litigation against Alpha and others in relation to various payments made under the ASA. The details of the dispute are summarised in the notice of meeting dated 24 April 2008 and EM which accompanied the notice.

A mediation in the proceeding is scheduled for 19 June 2008, four days before the general meeting to be reconvened on 23 June 2008.

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Further Information – Issues

Since the distribution of the information provided to shareholders on 24 April 2008, further pleadings and affidavit material have been filed in the Federal Court of Australia proceeding (further affidavit material will be filed in due course).

These documents show that the contested issues to be determined in the proceeding will include:

- (a) the status of the ASA;
- (b) the status of the business plans referred to in the EM;
- (c) whether the payments under the ASA were approved;
- (d) whether the business plans were intended to form the basis for the ASA or the remuneration prescribed by the ASA;
- (e) whether the ASA is in the best interests of Alpha;
- (f) whether the independent experts referred to in the EM (prepared by DMR Corporate Pty Ltd and Acuity Technology Management Pty Ltd) were adequately briefed;
- (g) the basis of the views of some of the former directors of Alpha which differ from the position being taken by Alpha in the proceeding (in particular, Mr C Talpo and Mr KK Chua).

Request by Mr Marchitelli that Certain Matters be Drawn to the Attention of Shareholders

In relation to these issues, Mr Marchitelli and his company, FKM Holdings Ltd, being the applicants in the proceeding, have specifically requested that Alpha draw certain matters to the attention of shareholders. The current board of Alpha is content to do so. The matters are set out in (a)-(d) below:

- (a) Mr Marchitelli, Mr Talpo and Mr Chua, directors of Alpha in April 2007 (the time when Alpha purchased hand sanitiser manufacturing business and conditionally acquired the associated distribution business), contend that:
 - (i) the ASA was not in 2007 endorsed by the board of Alpha;
 - (ii) the business plans submitted to the board prior to the acquisitions were not endorsed by the board of Alpha;

- (iii) the business plans were not intended to form the basis for:
1. the ASA; or
 2. the remuneration prescribed by the ASA;
- (iv) they were not aware of the existence of the ASA; and
- (v) having reviewed the ASA they consider that it is not in the best interests of Alpha.

In relation to these matters, the current board of Alpha refers to the matters raised in the EM, and to the further matters raised in paras (b), (c) and (d) below.

- (b) Mr R Purdue, also a director of Alpha at the relevant time, was not aware of the existence of the ASA until late 2007.

In relation to this aspect, the current board of Alpha (apart from Mr Marchitelli) reiterates that as outlined in the EM (para 4.7), in January 2008 Mr Purdue, a director of Alpha, was appointed by the Board of Alpha to review the ASA arrangements. Following his review, Mr Purdue reported to the board on 11 March 2008 that the ASA was advantageous to Alpha. The board further notes that at a board meeting held on 17 March 2007, the Alpha board fully endorsed the validity of the ASA and its intention and noted that the results that have flowed so far were positive and beneficial for Alpha.

- (c) Of the five directors of Alpha at the relevant time, only one contends that he was aware of the existence of the ASA at the time of its alleged creation. That director is Mr T Bickerton who signed the ASA on Alpha's behalf together with Mr Hollingsworth, the company secretary and CFO. Mr Bickerton's conduct in signing the ASA is the subject of the litigation referred to in the EM.

In relation to this aspect, the current board of Alpha (apart from Mr Marchitelli) notes that at the board of directors meeting on 4 April 2007, the board delegated to a sub-committee consisting of Mr Bickerton and Mr Hollingsworth the work of concluding negotiations with Richard Rubin (on behalf of Panache Global Holdings Pty Ltd) in relation to the transaction documents the subject of the then proposed acquisition of the hand sanitiser manufacturing and distribution businesses to be acquired by Alpha, and that any two directors or any director and the company secretary be authorised to enter into the transaction documents in respect of the proposed acquisitions subject to final board approval. By reason of Mr Marchitelli's personal approval of the ASA on 26 April 2007 (which Mr Marchitelli contests), Messrs Bickerton and Hollingsworth considered that board approval had been obtained.

- (d) The ASA was not provided to nor considered by the two independent valuers, DMR Corporate Pty Ltd and Acuity Technology Management Pty Ltd in preparing their respective reports. Their reports considered whether the Panache transaction was fair and reasonable not whether the ASA was fair and reasonable.

However, In relation to this aspect, the current directors of Alpha point out that in recently filed affidavit material in the proceeding, DMR Corporate Pty Ltd and Acuity Technology Management Pty Ltd have confirmed that they have now been provided with a copy of the ASA and that they would not have changed their opinion expressed in their Reports had they earlier been provided with a copy of the ASA.

Cross Claim Against Mr Marchitelli by Alpha

For completeness, the current directors point out that Mr Marchitelli only commenced his proceeding immediately after he was stood down by the board in December 2007 and confirm that since the issue of the EM, Alpha has filed a cross-claim against Mr Marchitelli and his company, FKM Holdings in the proceeding. Alpha alleges that in bringing the proceeding against Alpha, Panache, two current directors (Mr Rubin and Mr Bickerton) and the company secretary (Mr Hollingsworth), Mr Marchitelli's actions are an abuse of legal process and that he is acting for a collateral purpose, that is, to regain control of the board of Alpha. Alpha seeks a declaration from the Court to that effect, and also seeks costs of the entire proceeding.

* * *

Following the mediation of the above matters set down for Thursday 19 June 2008, members will be provided with a further detailed update prior to the general meeting scheduled for 23 June 2008. The update will be posted on the ASX website relating to Alpha. A copy of this letter and the update will be provided to those present at the meeting scheduled for 23 June 2008 by the Chairman of Alpha.

The Company will provide further information to the market as soon as it becomes available.

Yours faithfully,
Terry Bickerton
Chairman

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