

cc: Scott Evans

LABTECH SYSTEMS LIMITED

ACN 107 670 673

NOTICE OF GENERAL MEETING

LabTech Systems Limited (LabTech) gives Notice that a Meeting of its shareholders will be held at:

MSI Tilley, 253 Sturt Street, Adelaide SA 5001

On 22 September 2005

Commencing 10.00am (Adelaide Time)

Background

The purpose of the Meeting is to obtain all necessary shareholder approvals to the restructure of LabTech (Restructure) on the terms of the explanatory memorandum accompanying the notice to convene this meeting (Explanatory Memorandum). Specifically, at the meeting shareholders will be asked to consider the Resolution set out below and if thought fit, to pass the Resolution as a special resolution.

Resolution

That approval be given under and for the purposes of the Corporations Act 2001, LabTech's Constitution, the NSX Listing Rules and for all other purposes to:

1. the sale by LabTech of its interest in the APOMAB technology (a major asset of LabTech) to APOMAB Limited, in consideration for one share in APOMAB Limited (APOMAB Shares) for every share in LabTech held on the Approval Date (as defined in the Explanatory Memorandum);
2. the issue of up to approximately 22,500,000 shares in LabTech at 20 cents each to raise approximately \$4.5 million pursuant to a prospectus to be issued by LabTech;
3. the modification of LabTech's Constitution by:
 - (a) inserting a new clause 10.4 as follows:

"10.4 Distribution of Specific Assets

- (a) *When reducing its share capital in accordance with clause 10.2, the Company may resolve that such reduction be effected (wholly or in part) by the distribution of specific assets (whether held in the name of the Company or in the name of any subsidiary of the Company) and in particular paid up shares, debentures, debenture stock or other securities of any company or in any one or more of such ways.*
- (b) *Where the Company, pursuant to a reduction of its share capital, distributes to its Members shares in another corporation:*
 - (i) *the Members shall be deemed to have agreed to become members of that corporation and to be bound by its constitution; and*

(ii) *each of the Members severally appoints the Company and the Directors as its agent to execute any transfer of shares or other document required to effect the distribution of shares to that Member."*

(b) If ASX Approval is obtained (as defined in the Explanatory Memorandum), to substituting for the definition of "Newcastle Stock Exchange Limited", "Australian Stock Exchange Limited" and throughout the LabTech Constitution substituting "ASX" for "NSX";

4. the reduction of the issued share capital of LabTech on the terms described in the Explanatory Memorandum by:
 - (a) distributing, in-specie and on a pro-rata basis to LabTech's shareholders, the APOMAB Shares; and
 - (b) debiting LabTech's share capital accordingly with an amount equal to the aggregate value of the APOMAB Shares;
5. If ASX Approval is obtained (as defined in the Explanatory Memorandum), LabTech taking all steps necessary for its listed status on Newcastle Stock Exchange Limited to be withdrawn.

Dated 22nd August 2005
BY ORDER OF THE BOARD


Company Secretary

NOTES

1. A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote on the member's behalf. If the member is entitled to cast two or more votes at the meeting, the member may appoint up to two proxies to attend and vote on the member's behalf.
2. If a member appoints two proxies, each proxy must be appointed to represent a specified proportion or number of the member's votes. Absent this specification, each proxy will need to exercise half the votes.
3. A proxy need not be a member of the Company.
4. To appoint a proxy, a proxy form must be signed by the member or the member's attorney duly authorised in writing. If the member is a corporation, the proxy form must be signed in accordance with section 127 of the *Corporations Act 2001* (Cth).
5. To be effective, a proxy form (and, if it is signed by an attorney, the authority under which it is signed or a certified copy of the authority) must be received by the Company not later than 48 hours prior to the meeting. Proxy forms and authorities may be sent to the Company by post or facsimile to:

Post: LabTech Systems Ltd
 C/- MSI Tilley
 GPO Box 1385
 ADELAIDE SA 5001

Fax: 08 8231 7381

or delivered by hand at MSI Tilley, 253 Sturt Street, Adelaide SA 5000.

6. Members who forward their proxy forms by fax must make available the original executed form of the proxy for production at the meeting, if called upon to do so.
7. For the purposes of the meeting, persons on the register of members as at 5:00 pm on 20 September 2005 will be entitled to vote as the holder of shares held by them at that time.

LABTECH SYSTEMS LIMITED

ACN 107 670 673

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of shareholders of LabTech Systems Limited (**LabTech**) in connection with the business to be conducted at the Meeting to be held at MSI Tilley, 253 Sturt Street, Adelaide SA 5000, on Thursday 22 September 2005 commencing at 10.00am Adelaide time (**Resolution**). This Explanatory Memorandum should be read in conjunction with the accompanying Notice of General Meeting (**Notice**).

2. Purpose of the Meeting

- 2.1 The purpose of the Meeting is to seek the approval of LabTech's shareholders to demerge LabTech's interest in its APOMAB technology to a new company, APOMAB Limited.
- 2.2 LabTech is currently listed on the Newcastle Stock Exchange Limited (**NSX**) and is being prepared for a listing on the Australian Stock Exchange Limited (**ASX**). APOMAB Limited is currently an unlisted public company and is being prepared for a listing on NSX.
- 2.3 The Restructure will allow LabTech to focus entirely on its MicroStreak technology and will provide LabTech ordinary shareholders shares in APOMAB Limited for no cash consideration.

3. The Resolution is a Package and Parts of it are Conditional

- 3.1 LabTech shareholders should note they are asked only to approve the Resolution as a package. LabTech shareholders are not able to approve part, but not all of the Restructure.
- 3.2 Further, LabTech shareholders should note that if ASX Approval is not obtained, even if the Resolution is carried the following aspects of the Restructure will not take effect:
 - 3.2.1 references to NSX will not be replaced by references to ASX (refer to paragraph 3(b) of the Notice);
 - 3.2.2 LabTech will not seek apply to NSX to withdraw its listed status (refer to paragraph 5 of the Notice). LabTech will maintain its listing on NSX.
- 3.3 "ASX Approval" means a decision by ASX to grant official quotation of all LabTech shares (including those shares referred to in part 6 below), which may be conditional upon:
 - 3.3.1 passage of the Resolution;
 - 3.3.2 the issue of shares under the LabTech prospectus (**New Shares**);
 - 3.3.3 dispatch of share certificates or uncertificated holding statements in respect of the New Shares;

3.3.4 confirmation being given to ASX that the matters in paragraphs 3.3.1 to 3.3.3 above have occurred;

3.3.5 any other usual conditions.

4. The APOMAB Technology

- 4.1 The APOMAB™ technology was developed by researchers of the Oncology Department at the Royal Adelaide Hospital and Hanson Institute in Adelaide, South Australia.
- 4.2 LabTech has an exclusive option agreement to further research the APOMAB™ technology and to enter into an exclusive worldwide licence to make, use and sell products derived from the technology.
- 4.3 The APOMAB™ technology is protected by Australian Patent Application No. 2003900778, titled "A method of diagnosis and treatment of same" and other proprietary rights, including copyrights, trade marks, trade secrets, formulae, research data, know-how, specifications and any other intellectual property rights related to the invention.

5. Overview of the Restructure

- 5.1 The first stage of the Restructure involved the establishment of APOMAB Limited, a company incorporated in Australia and a wholly owned subsidiary of LabTech.
- 5.2 The second stage of the Restructure will involve LabTech and APOMAB Limited entering into an agreement with respect to the APOMAB technology (Agreement). Pursuant to the Agreement, LabTech will transfer to APOMAB Limited, 100% of its legal and beneficial interest in the APOMAB technology. If the Agreement is signed before the Resolution is passed, the Agreement will be conditional on passage of the Resolution.
- 5.3 If the Resolution is passed, within 10 Business Days of ASX Approval or such other date as the directors decide if ASX Approval is not or will not be obtained (Approval Date), APOMAB Limited will issue to LabTech one APOMAB Share for every issued LabTech share held by all LabTech shareholders as at the Approval Date.
- 5.4 The final stage of the Restructure involves LabTech distributing to its shareholders in specie and on a pro rata basis, all of the shares it holds in APOMAB.
- 5.5 If the Restructure is completed with ASX Approval:
 - 5.5.1 APOMAB Limited will have acquired 100% of LabTech's legal and beneficial interest in the APOMAB technology;
 - 5.5.2 LabTech shareholders will hold the same number of shares in APOMAB as they hold in LabTech;
 - 5.5.3 shares in LabTech will be quoted on ASX.
- 5.6 If the Restructure is completed without ASX Approval:

- 5.6.1 APOMAB Limited will have acquired 100% of LabTech's legal and beneficial interest in the APOMAB technology;
 - 5.6.2 LabTech shareholders will hold the same number of shares in APOMAB as they hold in LabTech;
 - 5.6.3 shares in LabTech will continue to be quoted on NSX.
- 5.7 In either case (with or without ASX Approval) after the Restructure APOMAB Limited intends to apply for listing on NSX.

6. Issue of Shares Pursuant to a Prospectus

As mentioned above, LabTech intends to apply to be listed on ASX. As part of the application, LabTech intends to undertake a capital raising of up to approximately \$4.5 million by the issue of up to approximately 22,500,000 shares at 20 cents each. The issue of shares pursuant to the prospectus without shareholder approval may be in breach of NSX Listing Rule 6.25. If the Resolution is carried, the necessary approval of LabTech shareholders to the issue of shares pursuant to the prospectus will be taken to have been obtained by virtue of paragraph 2 of the Resolution.

7. Amendments to the Constitution

- 7.1 Approval is sought to modify LabTech's constitution in two ways:
- 7.1.1 to insert a new clause 10.4 which deals with a reduction of capital by way of a distribution of specific assets. To facilitate the distribution contemplated by the Resolution, the Company believes it is appropriate to adopt a provision which specifically contemplates a distribution of assets and deals with procedural matters such as consent to become a member of another company and execution of any share transfer form to allow this to occur; and
 - 7.1.2 (if ASX Approval is obtained) to replace all references to the Newcastle Stock Exchange with references to the Australian Stock Exchange.
- 7.2 Section 136 of the *Corporations Act 2001* (Cth) permits a company to modify its constitution provided that this is done by special resolution. Such a resolution must be passed by at least 75% of the votes cast by members present (in person or by proxy) and voting on the resolution.

8. Approval of Distribution Resulting in Reduction in Capital

- 8.1 Approval is sought for LabTech to proceed with a reduction of its share capital by distributing, in specie and on a pro-rata basis to LabTech's ordinary shareholders, the shares in APOMAB Limited it will hold after the Approval Date. The capital reduction is an equal capital reduction (within the meaning of the *Corporations Act 2001*). The distribution is to be made to each holder of ordinary shares in LabTech on the same terms and in proportion to the number of ordinary shares they hold.
- 8.2 LabTech currently has 24,322,600 fully paid ordinary shares on issue. There are no other classes of shares on issue. The capital reduction resulting from the distribution will have no effect on the number of shares on issue, as no shares will be cancelled under it.

- 8.3 The proposed capital reduction involves the distribution of APOMAB Limited shares to all LabTech shareholders on a pro-rata basis according to the number of ordinary LabTech shares held by each shareholder as at the Approval Date. Holders of partly paid shares will only participate on a pro-rata basis based on the proportion of total issue price paid up. Any fractional entitlement will be rounded down to the nearest whole number of APOMAB Limited shares.
- 8.4 Since the capital reduction resulting from the Restructure will be an equal capital reduction, all directors who are ordinary shareholders of LabTech will participate in the capital reduction on the same basis as all other ordinary shareholders.
- 8.5 Before the Restructure, LabTech will already own the APOMAB Shares. Accordingly, LabTech is able to reduce its capital by distributing the APOMAB Shares to shareholders of LabTech under the Restructure without the need to raise any further funds.
- 8.6 The capital reduction will not have any material effect on LabTech's ability to pay its creditors and the directors believe that there are no material disadvantages to LabTech in approving the Restructure and consequent capital reduction.
- 8.7 If approved by shareholders of LabTech, the Restructure and consequential capital reduction will provide LabTech ordinary shareholders shares in APOMAB Limited for no cash consideration.
- 8.8 The directors believe that the distribution and consequential capital reduction will not:
 - 8.8.1 adversely affect the operations of LabTech; or
 - 8.8.2 materially prejudice the interests of the creditors or shareholders of LabTech or affect the solvency of LabTech.

9. Ceasing to be Listed on NSX

If the Restructure is approved by shareholders and ASX Approval is obtained, LabTech will be able to list on ASX. Following listing on ASX, the LabTech directors would seek to have LabTech removed from the official list of NSX and to have its securities removed from official quotation on NSX.

10. Taxation Summary

- 10.1 The following is a general summary of the possible taxation implications of the Restructure to LabTech shareholders. The directors recommend that shareholders obtain independent taxation advice in relation to the impact of the Restructure on their individual circumstances. The information below does not extend to LabTech shareholders who do not elect to apply the de-merger relief referred to below.
- 10.2 Capital Gains Tax (CGT) relief is available to Shareholders who individually make a choice that the CGT relief provisions apply in a de-merger restructuring involving a distribution in specie of shares held by a Head Entity (LabTech) in a de-merger subsidiary (APOMAB Limited). The form of the

CGT relief is to entitle shareholders to disregard any capital gain or capital loss that may otherwise arise under the Restructure. Shareholders, irrespective of whether they have elected to claim the CGT relief or not, will be required to make adjustments so as to spread their CGT cost base (and reduced cost base, where applicable) of LabTech shares over both the LabTech and APOMAB Limited shares held after the Restructure.

- 10.3 In relation to any taxation consequences for LabTech itself, on the basis that the de-merger relief provisions apply, the Company is entitled to disregard any capital gain it would otherwise have made from the disposal of the APOMAB Limited shares pursuant to the distribution to LabTech shareholders.

11. Bonus Issue

- 11.1 If the Resolution is passed, LabTech will issue to each LabTech shareholder, two shares for every three shares held (Bonus Issue) as at the date which is 2 Business Days following passage of the Resolution (Bonus Issue Record Date).
- 11.2 As at the Bonus Issue Record Date, LabTech will have on issue 24,322,600 shares. Following the Bonus Issue, LabTech will have on issue 40,537,667 shares.

12. Directors' Recommendation

The directors of LabTech recommend that shareholders vote in favour of the Resolution.