



ASX RELEASE

8th January 2008

ADDITIONAL INFORMATION FOR GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON 11TH JANUARY 2008

On 10th December 2007 Medec Limited (**Company**) announced to the market that it is convening a meeting of shareholders on 11th January 2008 to consider resolutions that include a proposal to acquire, from Mr Ananda Rajah and Ms Pathma Ayadurai, all of the share capital in the Atos Wellness Group of Companies in Singapore. The consideration for the acquisition is to be an issue of shares in the Company to the vendors.

That announcement includes copies of the information provided by the Company to shareholders, including an Independent Experts Report on whether the transaction is fair and reasonable to shareholders.

The transaction is subject to shareholder approval under the Corporations Act 2001 and the ASX Listing Rules and, if proceeded with, will result in Mr Rajah and Ms Ayadurai holding more than 20% of the share capital in the Company

Since that announcement the Company has obtained from Mr Rajah and Ms Ayadurai a statement as to their intentions with respect to the future direction of the Company. This announcement informs the market and shareholders of those intentions.

Mr Rajah and Ms Ayadurai have informed the Company that, if the shareholders approve the transaction, they currently hold the following plans and intend to encourage the Company to take the following direction:

- no change to the nature of the business of the Company but a focus on an integration of Medec energy products together with the wellness services provided by the Atos Wellness Group as a complete wellness solution to the customer;
- divest the Company of non-core activity companies (such as Athlegen, a manufacturer of treatment tables) that do not fall within the wellness plan to provide products and services direct to the end customer;
- open additional wellness centres in Australia, India, Malaysia, Germany as marketers of Medec energy products;
- expect the Company to make a profit for the group from January to June 2008 but propose that the Company raise capital from investors in Singapore, Australia and Germany who have indicated to Mr Rajah and Ms Ayadurai that they are excited about the proposed direction of the Company;

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- in reliance on the profitability of the Atos Wellness Group for the last three years, exploit financing from financial institutions in Singapore for the Atos Wellness Group's growth in Singapore, Australia and Germany;
- make no substantial changes to the current mix of employees and consultants used by the Company but:
 - continue employment of all existing staff in the Medec group and increase employment of staff in Australia to meet the expansion of future wellness centres in Melbourne and Sydney; and
 - encourage a sharing of knowledge and of business and management skills between Singapore, Australia and Germany where the Company has a presence.
- do not plan the transfer of any property between the Company and shareholders, including Mr Rajah or Ms Ayadurai;
- do not plan to redeploy any fixed assets of the Company but anticipate a greater amount of administration to occur in Singapore in reflection of the Company's greater market in that region;
- do not plan to transfer Medec assets from Germany or Australia to Singapore. (Medec does not, at this stage, own any real property. The Atos Wellness Group (which the Company proposes to acquire by this transaction), on the other hand, owns a 12,000 sq ft light industrial premises that is valued at S\$3.1 million securing a bank loan of S\$2.3 million;
- whenever possible, purchase the property where the Company's wellness centres are located to avoid the problems associated with the rising cost of real estate in Singapore, Australia and Germany. Mr Rajah and Ms Ayadurai anticipate that this will provide additional comfort to shareholders who desire an increase in the asset backing of the Company;
- propose a targeted turnover of AUD 30 million in the July 2010 to June 2011 financial year with a net profit of AUD 2.5 million; and
- Mr Ananda Rajah and Ms Pathma Ayadurai intend to serve as officers of the Medec (Atos Wellness Group) for the next 10 to 15 years.

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