

ATF Group (PDF) Limited

ACN 106 213 772

Notice of Annual General Meeting

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Explanatory Statement

Date: 28 November 2008
Time: 11.00am
Location: Minter Ellison Lawyers,
Level 19, Aurora Place,
88 Phillip Street
Sydney NSW

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of the shareholders of ATF Group (PDF) Limited ACN 106 213 772 (**Company**) will be held at the offices of Minter Ellison Lawyers, Level 19 Aurora Place, 88 Phillip Street, Sydney, New South Wales on Friday, 28 November 2008 at 11.00am.

Ordinary Business

1. Financial statements and reports

To receive and consider:

- (a) the financial report;
- (b) the directors' report; and
- (c) the auditor's report

of the Company for the year ended 30 June 2008.

2. Election of Professor Raymond Schinazi as a director (Resolution 1)

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

'That Professor Raymond Schinazi, a director retiring from office by rotation in accordance with clause 58 of the Company's constitution and being eligible, is re-elected as a director of the Company.'

3. Election of Mr Bernard Romanin as a director (Resolution 2)

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

'That Mr Bernard Romanin, a director appointed since the previous general meeting of the Company and ceasing to hold office in accordance with clause 57 of the Company's constitution, and being eligible, is elected as a director of the Company.'

4. Approval of Non-Executive Director Share Plan (Resolution 3)

To consider and, if thought fit, to pass the following special resolutions:

- (a) *'That, for the purpose of clause 61.8 of the Company's constitution and for all other purposes, approval be given for the introduction of the 'ATF Group Non-Executive Director Share Plan' (Plan) in the form tabled at this meeting and signed by the Chairman for the purposes of identification.'*
- (a) *'That, for the purpose of clause 61.8 of the Company's constitution and for all other purpose, and subject to the approval of Resolution 3(a), approval be given for the issue by the Company to its non-executive directors of ordinary shares in the Company under the Plan on the terms set out in the Explanatory Statement attaching to and forming part of this Notice of Meeting.'*

5. Other business

To transact any other business which may legally be brought before the meeting.

By order of the Board
J A Wigginton
Company Secretary

31 October 2008

Voting and proxies

Voting Exclusion Statement

Resolution 3

The Company will disregard any votes cast on Resolutions 3(a) and (b) by:

- (a) any Director of the Company; and
- (b) an associate of any such Director.

Exception

However, the Company need not disregard a vote in respect of Resolution 3(a) or 3(b) if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the 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.

Proxies

1. A member entitled to attend and vote at the meeting has a right to appoint a proxy.
2. The proxy need not be a member of the Company.
3. A member who is entitled to cast two or more votes may appoint up to two proxies and, in the case of such an appointment, may specify the proportion or number of votes each proxy is appointed to exercise.
4. If a member appoints two proxies and the appointment does not specify the proportion or number of the member's votes which each proxy may exercise, each proxy may exercise half of the votes.
5. The proxy form included in this Notice of Annual General Meeting must be signed by the member or the member's attorney. Proxies given by corporations must be signed under the hand of a duly authorised officer or attorney.

6. To be valid, the form appointing the proxy and the power of attorney or other authority (if any) under which it is signed (or a certified copy of it) must be lodged with the Share Registry - Computershare Investor Services Pty Limited at Yarra Falls, 452 Johnston Street, Abbotsford, Victoria 3067, using the reply paid envelope supplied or by facsimile to 1800 783 447 (from within Australia) or +61 3 9473-2555 (from outside Australia) as soon as possible and in any event not later than 48 hours prior to the time appointed for the Annual General Meeting.
7. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the constitution of the Company to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with that direction. If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit.
8. If a shareholder appoints the chairperson of the meeting as the shareholder's proxy and does not specify how the chairperson is to vote on an item of business, the chairperson will vote, as proxy for that shareholder, in favour of the item on a poll.
9. Members should refer to the Explanatory Statement, which accompanies and forms part of this Notice of Meeting, for information regarding voting restrictions.

Voting entitlements

In accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) for the purposes of the meeting, persons holding shares at 7.00pm (Melbourne time) on 26 November 2008 will be treated as shareholders. This means that if you are not the registered holder of a relevant share at that time you will not be entitled to attend and vote in respect of that share at the Annual General Meeting.

Explanatory Statement

1. Purpose of information

The purpose of this Explanatory Statement (which is included in and forms part of the Notice of Annual General Meeting dated 31 October 2008) is to provide members with an explanation of the business of the meeting and of the resolutions to be proposed and considered at the Annual General Meeting (AGM) to be held at the offices of Minter Ellison Lawyers, Level 19 Aurora Place, 88 Phillip Street, Sydney, New South Wales on Friday, 28 November 2008 and to assist members to determine how they wish to vote on each resolution.

2. Glossary

AGM means the annual general meeting of the Company to be held on 28 November 2008.

Board means the board of Directors of the Company.

Company means ATF Group (PDF) Limited ACN 106 213 772.

Corporations Act means *Corporations Act 2001* (Cth).

Director means a director of the Company.

Holding Lock has the meaning given to it in chapter 19 of the Listing Rules.

Plan Shares means shares received by a non-executive director under the NED Share Plan.

NED Share Plan has the meaning given to it in paragraph 5 below.

NED Share Plan Rules has the meaning given to it in paragraph 5 below.

Share means a fully paid ordinary share in the capital of the Company.

3. Financial statements and reports

Pursuant to the Corporations Act, the directors of a public company that is required to hold an annual general meeting must table the financial statements and reports of the company (including the directors' report and auditor's report) for the previous year before the members at the company's annual general meeting.

Shareholders have been provided with all relevant information concerning the Company's financial statements, directors' report and auditor's report in the Annual Report of the Company for the year ended 30 June 2008. A copy of the Annual Report has been forwarded to each shareholder other than those shareholders who have previously notified the Company that they elect not to receive the Annual Report, whether in paper form or electronically. Any shareholder who had made this election and now wishes to receive a paper or electronic copy of the Annual Report should contact the Company's office by phone on +61 3 9650 8911 to arrange receipt. The Annual Report can also be viewed, printed and downloaded from the Company's website at www.atfgroup.com.au. A copy of the financial statements, the directors' report and the auditor's report will also be tabled at the meeting.

Shareholders should note that the sole purpose of tabling the financial statements and the reports of the Company at the AGM is to provide the shareholders with the opportunity to be able to ask questions or discuss matters arising from the financial statements or the reports at the meeting. It is not the purpose of the meeting that the financial statements or reports be accepted, rejected or modified in any way. Further, as it is not required by the Corporations Act, no resolution to adopt, receive or consider the Company's financial statements or the reports (other than the remuneration report) will be put to the shareholders at the meeting.

Shareholders will be given a reasonable opportunity at the meeting to ask questions and make comments on the financial statements and the reports. The Company's auditor will be available to receive questions and comments from shareholders about the preparation and content of the auditor's report and conduct of the audit.

4. Election of directors (Resolutions 2 and 3)

4.1 Introduction

During the year:

- (a) Mr Jim McLauchlan, Mr Keith Witney, Mr Shane Barr, Mr Christopher Cuffe, Mr Sean Magee and Ms Jennifer Page resigned as directors of the Company;
- (b) Mr J A (Tony) Wigginton (appointed September 2007) and Mr Jon Lamb (appointed November 2007) were elected as Directors at the 2007 Annual General Meeting; and
- (c) Mr Bernard Romanin was appointed to the Board in May 2008 to hold office until the Company's next AGM.

In accordance with clause 57 of the Company's constitution, a director appointed by the Board during a year to fill a casual vacancy or as an addition to the Board, holds office until the close of next annual general meeting. The retiring Director, if then eligible for office, may be elected at that meeting. Mr Romanin is eligible for and seeks election as a director of the Company.

Clause 58 of the Company's constitution requires that at each annual general meeting one-third of the Directors must retire from office, or if their number is not a multiple of three, then the greater of one or the number nearest to, but not exceeding, one-third of the Directors must retire from office. Directors appointed during the year (to fill a casual vacancy or as an addition to the Board) and the managing director are not to be taken into account in determining the number of Directors who must retire by rotation. In this instance, Professor Schinazi, as the Director who has been in office the longest since last being elected to the Board, retires by rotation.

Brief CVs of the retiring Directors are included below.

4.2 Biography of Professor Raymond Schinazi

Professor Schinazi has extensive senior management experience in the research of virology, drug discovery and is the founder of several biotechnology companies focusing on antiviral drug discovery and development, including Pharmaseet Inc, Triangle Pharmaceuticals, Idenix Pharmaceuticals and RFS Pharma LLC. He has published over 420 peer reviewed papers and seven books and holds more than 70 US patents.

He is a pioneer in the development of HIV drugs for the treatment of HIV with more than 80% of individuals on treatment taking at least one of the drugs he invented. Professor Schinazi is the recipient of numerous awards including the 2006 Distinguished Scientist Award from the Hepatitis B Foundation. He has also served on the Presidential Commission on AIDS. He is currently Professor of Pediatrics and Chemistry and Director of the Laboratory of Biochemical Pharmacology at Emory University, Atlanta, Georgia in the United States.

4.3 Biography of Mr Bernard Romanin

Bernie has healthcare experience in diagnostics, pharmaceuticals and medical devices gained over 30 years in Australia and internationally.

He has extensive commercial expertise in sales and marketing, technology licensing and partnership management.

He has experience in managing start-up and new market business opportunities. During almost a decade in the USA with Chiron and Novartis, he has directed market development activities to identify, validate and commercialise new opportunities in molecular-based and immuno-based diagnostics in the areas of infectious diseases (Hepatitis and HIV/AIDS), oncology, cardiovascular disease and metabolic disorders.

5. ATF Group Non-executive Director Share Plan

5.1 Introduction

The Board is proposing to implement a non-executive director share plan to be known as the ATF Group Non-Executive Director Share Plan under which present and future non-executive directors may elect to receive Plan Shares in lieu of receiving an agreed proportion of their entitlement to director's remuneration (**NED Share Plan**). Plan Shares will either be issued by the Company or purchased by the Company on behalf of participants. The extent to which Plan Shares instead of cash is received by a non-executive Director is a decision solely for the relevant non-executive Director.

The Board considers it appropriate that each non-executive Director should have an opportunity to demonstrate their commitment to, and support for, the Company through sacrificing all, or a portion of, their Director's fees for Plan Shares at fair value. The Board considers share ownership by the Directors is important for the following reasons:

- it is consistent with trends in current market practice (it is noted that the Directors will be required to hold the Shares for a minimum period of one year (subject to there being no earlier occurrence of certain customary prescribed events noted below) before being permitted to dispose of any interest in them); and
- by electing to take all or part of their fees in Plan Shares, the Directors will be actively assisting the Company to preserve its cash resources.

The Board anticipates that the first issue of Plan Shares under the NED Share Plan will be made prior to 31 December 2008, with subsequent issues of shares occurring on a half yearly basis thereafter.

Participation in the NED Share Plan will be optional and non-executive Directors will have the ability to opt in, or opt out, of the Plan twice-yearly and also to set the proportion of their remuneration that they will sacrifice for the following six month period. Participants in the NED Share Plan will be required to sacrifice a minimum of 20% of their director's remuneration. There will be no maximum participation limit set. The NED Share Plan will not entitle any non-executive director to additional remuneration.

Subject to the occurrence of certain events, Plan Shares will be subject to a holding period of one year. The terms of the NED Share Plan (**NED Share Plan Rules**) will be available on the Company's website at www.atfgroup.com.au. A copy of the NED Share Plan Rules will also be tabled at the AGM.

5.2 Shareholder Approval

The adoption by the Company of the NED Share Plan does not formally require shareholder approval. However, the Directors believe it to be appropriate, and in the interests of good corporate governance, that the shareholders of the Company be asked to consider and, if thought fit, approve both the adoption by the Company of the NED Share Plan and the potential issue of Plan Shares to non-executive Directors under the NED Share Plan, as summarised in this Explanatory Statement.

5.3 Number of securities to be issued

Subject to the conditions listed below, commencing on 1 December 2008, on the first business day of each half year, a non-executive Director will be entitled to the following number of Plan Shares for that half year:

Number of Plan Shares for the half year: = $\frac{A}{B}$

where:

- (a) A is equal to the portion of a non-executive Director's remuneration, which he/she has elected to sacrifice for that half year; and

- (b) B is the issue price of the Plan Shares, which is:
- (i) for Plan Shares issued by the Company, the fair market value of those Plan Shares (as determined by the Directors or, if Shares have been issued within the three months prior to an issue of Plan Shares, the price per Share paid by the purchaser of those Shares (assuming the purchase is an arm's length transaction)); and
 - (ii) for Plan Shares which have been acquired by the Company on behalf of the participant, the price at which those Plan Shares were acquired.

The above is also subject to the following qualifications:

- (c) a non-executive Director may only accept Plan Shares under the NED Share Plan if his/her acceptance is not restricted by, or will not result in, a breach of any law;
- (d) the Board may defer or refuse to issue Plan Shares:
 - (i) if an issue is restricted or prevented by, or would amount to a breach of:
 - (A) any law; or
 - (B) the Company's constitution; or
 - (ii) in such circumstances under which the Board (acting in its discretion) determines it necessary to suspend the operation of the Plan.
- (e) if a non-executive Director ceases to hold office in a half year in which he/she has elected to sacrifice some or all of his/her Director's fee, the Board may refuse to issue Plan Shares.

If a participating non-executive Director has elected to sacrifice all, or a portion of, his/her entitlement to remuneration but does not receive Plan Shares, that Director will receive a cash payment equal to the portion of the remuneration which he/she has elected to sacrifice for that half year.

Under the NED Share Plan, the Board may issue Plan Shares to non-executive Directors of the Company who have elected to sacrifice at least 20% of his/her Director's remuneration in exchange for an issue of Plan Shares. Participants may sacrifice up to 100% of their Director's remuneration. Elections to sacrifice remuneration will be made half-yearly.

The non-executive directors in office prior to the AGM are: Professor Raymond Schinazi, Mr Jon Lamb, Mr J A (Tony) Wigginton and Mr Bernard Romanin.

5.4 Other key issues

Voting exclusion statement

Although not formally required, the Directors have decided to exclude themselves, and their associates, from voting in relation to Resolutions 3(a) and (b).

Terms of any loans in relation to the acquisition

The Company has not and will not grant any loans in connection with the NED Share Plan.

Disclosure

Details of all Plan Shares (including any Shares that have been bought on-market for the purposes of the NED Share Plan) will be published in the annual report of the Company relating to the period in which the Plan Shares are acquired or issued.

Administration of the NED Share Plan

The NED Share Plan will be initially administered by the Board, however, the Board may determine at a later date that it is more appropriate to engage or establish a separate administrator of the Plan. Upon making an election to participate in the NED Share Plan, each participating non-executive Director will be bound by the NED Share Plan Rules.

Plan Shares will be registered in the name of the non-executive Director, but the transfer of Plan Shares will be restricted by a holding lock of one year. Participating non-executive Directors will be restricted from disposing of, or granting a security interest over, any Plan Shares (while subject to the Plan Rules). The Board may also specify such other conditions as it considers necessary in its discretion.

Issue of Plan Shares

After receiving notice of a non-executive Director's half-yearly election, the Company will deduct the relevant amount from the non-executive Director's entitlement to remuneration for that half year and issue Plan Shares to that non-executive Director.

Plan Shares will rank equally with all other Shares with the exception of the restrictions on dealing.

The Company will bear all outgoings and expenses incurred in administering the NED Share Plan, including, if relevant, the costs of acquisition of Shares (including brokerage and duty).

Nothing in the NED Share Plan will be taken to:

- (a) restrict the right of the Company or its shareholders to remove a Director from his/her office; or
- (b) to qualify, in any way, the provisions of the law or the constitution of the Company relating to the termination of a non-executive's position with the Company.

Release of Shares from the Plan

Plan Shares will remain subject to the Plan Rules until the expiry of the one year Holding Lock, unless:

- (c) the shares are released by the Board (in its discretion);
- (d) a change in control of the Company occurs;
- (e) the Company disposes of all or a substantial part of its assets or ceases to carry on its current business; or
- (f) the holder of the Shares resigns from his/her position as a non-executive Director.

The Board will retain a right to suspend the NED Share Plan:

- (g) if required to do so under any law;
- (h) if it considers that the continuation of the Plan would cause a breach of any law; or
- (i) in such circumstances under which the Board (acting in its discretion) determines it necessary to suspend the operation of the plan.

During any period of suspension, participating non-executive Directors will receive their remuneration as cash payments and will have no right to receive Plan Shares in respect of the affected quarters.

Dividends, voting and other rights

A participant is entitled to receive any dividend paid on Plan Shares registered in the participant's name unless the Plan Shares are forfeited or divested.

A participant may also exercise any voting rights attaching to shares issued in his or her name or may appoint a proxy to represent and vote for him or her at any meeting of shareholders.

Participants in the NED Share Plan may participate in any pro rata rights issues of shares made by the Company and may sell renounceable rights. Any Shares or rights received in such a pro rata issue will not be subject to the conditions of the NED Share Plan.

6. How to vote

To vote on the Resolutions, members will need to follow these steps:

EITHER: Complete the Form of Proxy and return it by facsimile or mail (to be received by the Company by no later than 11.00am on 26 November 2008 to the following office or facsimile number:

- **by post or hand delivery** to Computershare Investor Services Pty Ltd,

By hand:

Yarra Falls, 452 Johnston Street,
Abbotsford, Victoria 3067

By post:

PO Box 242
Melbourne VIC 3001

- **by facsimile:** from within Australia - 1800 783 447

from outside Australia - +61 3 9473 2555

OR Attend the AGM.

7. Queries

If you have any queries about the AGM, the financial statements to be put to the AGM or the Resolutions being considered, please contact the Company Secretary, Mr Tony Wigginton, at the Company on +(61 3) 9650 8911 or +(61 3) 9662 4900.

By Order of the Board
J A (Tony) Wigginton
Company Secretary

Dated: 31 October 2008

