

20 March 2009

Dear Shareholder,

## **IBA ENTITLEMENT OFFER – NOTIFICATION TO INELIGIBLE RETAIL SHAREHOLDERS**

On 12 March 2009, IBA Health Group Limited (“IBA”) announced that it was conducting an accelerated non-renounceable pro-rata entitlement offer to eligible shareholders to subscribe for 2 new IBA ordinary shares (“New Shares”) for every 7 existing IBA shares held at an offer price of A\$0.55 per New Share (the “Entitlement Offer”). The Entitlement Offer could raise up to A\$124 million.

The Entitlement Offer comprises an institutional component (“Institutional Entitlement Offer”) and an offer to Eligible Retail Shareholders (as defined below) to participate on the same terms (“Retail Entitlement Offer”). The Entitlement Offer is being made by IBA in accordance with section 708AA of the Corporations Act 2001. On Friday 13 March 2009, IBA announced it had raised approximately A\$82 million<sup>1</sup> through the Institutional Entitlement Offer.

Under the terms of the Retail Entitlement Offer, you are not eligible to subscribe for New Shares.

### **DETAILS OF THE RETAIL ENTITLEMENT OFFER**

The Retail Entitlement Offer is being made to Eligible Retail Shareholders (as defined below), on the basis of 2 New Shares for every 7 existing IBA ordinary shares held at 7.00pm Australian Eastern Daylight Saving Time (AEDT) on Tuesday 17 March 2009 (“Record Date”).

The Retail Entitlement Offer Booklet relating to the Retail Entitlement Offer was lodged with the ASX on Friday 20 March 2009.

### **ELIGIBILITY CRITERIA**

The restrictions upon eligibility are because of legal limitations in some countries, the relative small number of shareholders in those countries, the small number of shares they hold and the potential cost of complying with regulatory requirements in those countries. IBA has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules and section 9A(3) of the Corporations Act, that it would be unreasonable to make offers to shareholders in all countries in connection with the Retail Entitlement Offer. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3) of the Corporations Act, **IBA wishes to advise you that it will not be extending the Retail Entitlement Offer to you.**

Shareholders who are eligible to participate in the Retail Entitlement Offer (“Eligible Retail Shareholders”) are shareholders who:

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<sup>1</sup> Settlement under the Institutional Entitlement Offer is on 26 March 2009. Until this date, the underwriting agreement remains subject to termination events which are customary for an offer of this kind.

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- (a) were registered as a holder of IBA ordinary shares as at 7.00pm (AEDT) on the Record Date;
  - (b) have a registered address in Australia or New Zealand;
  - (c) are not in the United States and are not "U.S. persons" (as defined under Regulation S under the United States Securities Act of 1933, as amended) ("U.S. Persons") or acting for the account or benefit of U.S. Persons;
  - (d) were not an institutional shareholder eligible to participate under the Institutional Entitlement Offer (or an ineligible institutional shareholder); and
  - (e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.


IBA may (in its absolute discretion) extend the Retail Entitlement Offer to certain institutional shareholders in foreign jurisdictions who did not participate in the institutional component of the Entitlement Offer (subject to compliance with applicable laws). Unfortunately, as you do not satisfy the eligibility criteria for an Eligible Retail Shareholder, you will not be able to subscribe for New Shares or be sent the Retail Entitlement Offer Booklet relating to the Retail Entitlement Offer.

As the Entitlement Offer is non-renounceable, you will not receive any payment or value for entitlements in respect of any New Shares that would have been offered to you if you were eligible.

This notice is to inform you about the Retail Entitlement Offer. This notice is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. **You are not required to do anything in response to this letter.**

If you have any questions in relation to any of the above matters, please contact the IBA Health Shareholder Information Line on 1300 723 862 (local call from within Australia) or +61 3 9415 4262 (from outside Australia) from 8.30am to 5.30pm (AEDT) Monday to Friday.

Yours faithfully,



Howard Edelman

General Counsel and Company Secretary

This notice does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any U.S. Person. Neither entitlements nor the New Shares have been or will be registered under the United States Securities Act of 1933 as amended (the "Securities Act"), and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons, absent registration or an exemption from registration under the Securities Act.

The provision of this document is not, and should not be considered as, financial product advice. The information in this document is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your accountant, tax advisor, stockbroker or other professional advisor.