
ALLIED HEALTHCARE GROUP LIMITED

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**NOTICE OF ANNUAL GENERAL MEETING
OF SHAREHOLDERS**

AND

EXPLANATORY MEMORANDUM

TO BE HELD AT 10AM (WST) ON 20 NOVEMBER 2012

AT

**DUXTON HOTEL
1 ST GEORGES TERRACE PERTH
WESTERN AUSTRALIA**

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 (08) 9266 0100

ALLIED HEALTHCARE GROUP LIMITED

ACN 088 221 078

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an annual general meeting of Shareholders of Allied Healthcare Group Limited (**Company**) will be held at 10am (WST) on Tuesday, 20 November 2012 at Duxton Hotel, 1 St Georges Terrace, Perth, Western Australia (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Sunday, 18 November 2012 at 10am (WST).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Schedule 1.

AGENDA

1. Annual Report

To table and consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2012, which includes the Financial Report, the Directors' Report and the Auditor's Report.

2. Resolution 1 – Adoption of Remuneration Report

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

"That the Remuneration Report be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast by, or on behalf of, a member of the Key Management Personnel whose remuneration details are included in the remuneration report, or a Closely Related Party of such member. However, a vote may be cast by such person if:

- (a) the person is acting as proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (b) the person is the Chair voting an undirected proxy which expressly authorises the Chair to vote the proxy on a resolution connected with the remuneration of a member of the Key Management Personnel.

3. Resolution 2 – Re-election of Director – Mr Peter Turvey

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

"That in accordance with clause 15.5 of the Constitution and for all other purposes, Mr Peter Turvey is elected as a Director on the terms and conditions in the Explanatory Memorandum."

4. Resolution 3 – Re-election of Director – Mr Michael Bennett

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

"That in accordance with clause 15.2 of the Constitution and for all other purposes, Mr Michael Bennett is elected as a Director on the terms and conditions in the Explanatory Memorandum."

5. Resolution 4 – Authority to Issue Shares to Mr Christopher Catlow

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

"That in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of Shares to Mr Christopher Catlow (or his nominee) in lieu of directors' fees on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Catlow and any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as a 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 Chairman as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member.

A vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairman to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

6. Resolution 5 – Authority to Issue Shares to Mr Graeme Rowley

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

"That in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of Shares to Mr Graeme Rowley (or his nominee) in lieu of directors' fees on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Rowley and any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as a 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 Chairman as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member.

A vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairman to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

7. Resolution 6 – Authority to Issue Shares to Mr Peter Turvey

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

"That in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue Shares to Mr Peter Turvey (or his nominee) in lieu of directors' fees on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Turvey and any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as a 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 Chairman as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member.

A vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairman to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

8. Resolution 7 – Ratification of Prior Placement

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That in accordance with Listing Rule 7.4 and for all other purposes, Shareholders approve the issue of 66,666,667 Shares on the terms and conditions in the Explanatory Memorandum."

The Company will disregard any votes cast on this Resolution by any person (and any associate of such person) who participated in the issue of the Shares under the Prior Placement.

The Company will not disregard a vote if:

- (a) it is cast by a person as a 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 Chairman 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.

9. Resolution 8 – Ratification of Prior Issue of Securities to Employees

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That in accordance with Listing Rule 7.4 and for all other purposes, Shareholders approve the issue of 5,800,000 Options and 2,176,470 Shares on the terms and conditions in the Explanatory Memorandum."

The Company will disregard any votes cast on this Resolution by any person (and any associate of such person) who participated in the issue of the Options and Shares, the subject of this Resolution.

The Company will not disregard a vote if:

- (a) it is cast by a person as a 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 Chairman 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.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member.

A vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairman to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

10. Resolution 9 – Approval of the Allied Healthcare Employee Option Plan

To consider, and if thought fit pass with or without amendment as an ordinary resolution, the following:

"That in accordance with Exception 9 of ASX Listing Rule 7.2 and for all other purposes, Shareholders approve the employee option plan known as the "Allied Healthcare Group Employee Option Plan" and the issue of Options pursuant to this plan on the terms and conditions in the Explanatory Memorandum".

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a Director, except one who is ineligible to participate in the Allied Healthcare Group Employee Option Plan, and any associate of that person (or persons).

However, the Company will not disregard a vote if:

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

11. Resolution 10 – Approval of 10% Placement Facility

To consider and, if thought fit, to pass with or without amendment, as a special resolution the following:

"That pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed.

However, the Company will not disregard a vote if:

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

Dated 19 October 2012

BY ORDER OF THE BOARD

Stephen Mann
CFO/Company Secretary

ALLIED HEALTHCARE GROUP LIMITED

ACN 088 221 078

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Duxton Hotel, Perth WA on Tuesday, 20 November 2012 at 10am (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions set out in the Notice.

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgment of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

2.2 Voting Prohibition by Proxy Holders (Remuneration of Key Management Personnel)

In accordance with sections 250R and 250BD of the Corporations Act, a vote on Resolutions 1, 4 to 6 and 8 (inclusive) must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on Resolutions 1, 4 to 6 and 8 (inclusive) if the vote is not cast on behalf of a person who is excluded from voting on Resolutions 1, 4 to 6 and 8 (inclusive) and:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on the resolution, but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

The Chairman intends to exercise all available proxies in favour of Resolutions 1, 4 to 6 and 8 (inclusive).

3. Annual Report

There is no requirement for Shareholders to approve the Annual Report.

Shareholders will be offered the following opportunities:

- (a) discuss the Annual Report which is online at www.alliedhealthcaregroup.com.au and click on the direct link;
- (b) ask questions or make comment on the management of the Company;
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the preparation and the content of the Auditor's Report; and
- (b) the conduct of the audit;
- (c) accounting policies by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 Business Days before the Meeting to the Company Secretary at the Company's registered office.

4. Resolution 1 – Remuneration Report

In accordance with subsection 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with subsection 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

The *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act* 2011 which came into effect on 1 July 2011, amended the Corporations Act to provide that Shareholders will have the opportunity to remove the whole Board except the managing director if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings.

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the 2011 annual general meeting. If the Remuneration Report receives a Strike at this Meeting, Shareholders should be aware that if a second Strike is received at the 2013 annual general meeting, this may result in the re-election of the Board.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

Resolution 1 is an ordinary Resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 1.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

5. Resolution 2 – Re-election of Director – Mr Peter Turvey

5.1 Background

Clause 15.5 of the Constitution provides that the Directors may appoint a person to be a Director to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed holds office until the next annual general meeting and is then eligible for re-election.

In accordance with clause 15.5, Mr Peter Turvey was appointed as a Director on 18 May 2012 and resigns as a Director at this Meeting and being eligible seeks approval to be re-elected as a Director.

The Board believes that Mr Turvey has performed the duties and responsibilities of a director diligently and professionally, in the best interests of all Shareholders.

Details of Mr Turvey's background and experience are set out in the Annual Report.

The Board unanimously supports the re-election of Mr Turvey.

6. Resolution 3 – Re-election of Director – Mr Michael Bennett

6.1 Background

Clause 15.2 of the Constitution requires that one third of the Directors must retire at each annual general meeting (to the nearest one-third).

A retiring Director is eligible for re-election.

Mr Michael Bennett retires by rotation and being eligible, seeks re-election, in accordance with the Constitution.

The Board believes that Mr Bennett has performed the duties and responsibilities of a director diligently and professionally, in the best interests of all Shareholders.

Details of Mr Bennett's background and experience are set out in the Annual Report.

The Board unanimously supports the re-election of Mr Bennett.

7. Resolutions 4 to 6 (inclusive) – Approval to Issue Shares to Directors

7.1 General

Resolutions 4 to 6 (inclusive) seek Shareholder approval pursuant to Listing Rule 10.11 for the issue of up to \$115,000 worth of Shares to Messrs Catlow, Rowley and Turvey (or their nominees) in lieu of directors' fees payable to Messrs Catlow, Rowley and Turvey during current financial year (together the **Directors Shares**).

Subject to Shareholder approval of Resolutions 4 to 6 (inclusive), the number of Directors Shares to be issued to each of Messrs Catlow, Rowley and Turvey (or their nominees) will be calculated in accordance with the formula in the below table:

Director (or nominee)	No of Shares
Mr Christopher Catlow	No. of Shares = $\frac{\$45,000}{\text{Issue Price}}$ Issue Price = 5 day VWAP of Shares immediately before the date of the issue.
Mr Graeme Rowley	No. of Shares = $\frac{\$35,000}{\text{Issue Price}}$ Issue Price = 5 day VWAP of Shares immediately before the date of the issue.

Mr Peter Turvey	No. of Shares = <u>\$35,000</u> Issue Price Issue Price = 5 day VWAP of Shares immediately before the date of the issue.
Total	No. of Shares = <u>\$115,000</u> Issue Price Issue Price = 5 day VWAP of Shares immediately before the date of the issue.

The issue price of each Director Share will be equal to the 5 day VWAP of Shares immediately before the date of the issue. No funds will be raised from the issue of the Directors Shares as they are being issued for nil cash consideration but as part of the consideration for the services to be provided by the Directors during the current financial year.

The Company has sought a waiver of Listing Rule 10.13.5 from ASX in order to permit the Company to include a formula for calculating the issue price of the Director Shares which is based on a future average market price.

In the event ASX does not grant the waiver of Listing Rule 10.13.5, the Company intends to set the issue price of the Director Shares prior to the date of the Meeting.

7.2 Section 208 of Corporations Act

Section 208 of the Corporations Act provides that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within fifteen (15) months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Board has formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue of the Director Shares as the exception in section 211 of the Corporations Act applies. The Director Shares are being issued in lieu of directors' fees payable to Messrs Catlow, Rowley and Turvey and is considered to be reasonable remuneration for the purposes of section 211 of the Corporations Act.

7.3 Listing Rule 10.11

Listing Rule 10.11 restricts the Company from issuing securities to a related party of the Company, unless approval is obtained from Shareholders.

A "related party" for the purposes of the Corporations Act is defined widely and includes a director of a public company and former directors of a public company.

Messrs Catlow, Rowley and Turvey are Directors of the Company and as such are related parties of the Company.

The effect of passing Resolutions 4 to 6 (inclusive) will be to allow the Company to issue up to \$115,000 worth of Shares to Messrs Catlow, Rowley and Turvey (or their nominees) without using up the Company's 15% placement capacity under Listing Rule 7.1.

If Shareholders do not approve Resolutions 4 to 6 (inclusive), the Company will not issue the Director Shares to Messrs Catlow, Rowley and Turvey (or their nominees).

Resolutions 4 to 6 (inclusive) are ordinary resolutions. The Chairman will cast all available proxies in favour of Resolutions 4 to 6 (inclusive).

7.4 Specific information required by Listing Rule 10.13

Listing Rule 10.13 requires that information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11 as follows:

- (a) The Directors Shares will be issued to Messrs Catlow, Rowley and Turvey (and/or their nominees).
- (b) The maximum number of Shares to be issued to each of Messrs Catlow, Rowley and Turvey (and/or their nominees) will be calculated as follows:

Director (or nominee)	No. Shares
Mr Christopher Catlow	<p>No. of Shares = $\frac{\\$45,000}{\text{Issue Price}}$</p> <p>Issue Price = 5 day VWAP of Shares immediately before the date of the issue.</p>
Mr Graeme Rowley	<p>No. of Shares = $\frac{\\$35,000}{\text{Issue Price}}$</p> <p>Issue Price = 5 day VWAP of Shares immediately before the date of the issue.</p>
Mr Peter Turvey	<p>No. of Shares = $\frac{\\$35,000}{\text{Issue Price}}$</p> <p>Issue Price = 5 day VWAP of Shares immediately before the date of the issue.</p>

- (c) The Directors Shares will be issued no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (d) The Directors Shares will be issued at an issue price equal to the 5 day VWAP of Shares immediately before the date of the issue.
- (e) The Director Shares will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue.
- (f) A voting exclusion statement is included in the Notice for each of Resolutions 4 to 6 (inclusive).
- (g) No funds will be raised from the issue of the Director Shares as they are being issued for nil cash consideration but as part of the consideration for the services to be provided by the Directors during the current financial year.

8. Resolution 7 – Ratification of Prior Placement

8.1 General

On 22 March 2012 the Company announced that it had issued 66,666,667 Shares each at an issue price of \$0.03 (**Prior Placement**) to raise \$2 million (before costs). The Shares under the Prior Placement were issued to various institutional and professional investors who are not related parties or associates of related parties of the Company.

The funds raised under the Prior Placement were used to progress the Coriden's Herpes (Herpes Simplex Virus Type 2) program through Phase I trials as well as accelerate the development of it next general HPV (Human Papillomavirus) vaccine towards clinical studies.

Resolution 7 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of Shares under the Prior Placement.

8.2 Listing Rule 7.4

In accordance with Listing Rule 7.1, the Company must not, subject to specified exceptions, issue or agree to issue more securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with Shareholder approval for the purpose of Listing Rule 7.1.

The effect of passing Resolution 7 will be to allow the Company to issue securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1, without obtaining prior Shareholder approval.

Resolution 7 is an ordinary resolution. The Chairman will cast all available proxies in favour of Resolution 7.

8.3 Specific information required by Listing Rule 7.5

Listing Rule 7.5 requires information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 7.4 as follows:

- (a) 66,666,667 Shares were issued on 22 March 2012.
- (b) The Shares under the Prior Placement were issued at an issue price of \$0.03 per Share.
- (c) The Shares under the Prior Placement are fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue.
- (d) The Shares under the Prior Placement were allotted and issued by way of placements to various sophisticated investors who are not related parties or Associates of related parties of the Company.
- (e) The funds raised were used to were used to progress the Coriden's Herpes (Herpes Simplex Virus Type 2) program through Phase I trials as well as accelerate the development of it next general HPV (Human Papillomavirus) vaccine towards clinical studies.
- (f) A voting exclusion statement is included in the Notice.

9. Resolution 8 – Ratification of Prior Issue of Securities to Employees

9.1 General

The Company issued:

- (a) 5,800,000 Options each with an exercise price of \$0.06 and expiry date of 18 May 2017 on 18 May 2012 (**Employee Options**); and
- (b) 2,176,470 Shares each with a deemed issue price of \$0.017 (based on a 5 day VWAP at 30 June 2012) on 20 July 2012 (**Employee Shares**),

to certain employees of the Company as part of their remuneration package.

Resolution 8 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Employee Options and Employee Shares.

9.2 Listing Rule 7.4

In accordance with Listing Rule 7.1, the Company must not, subject to specified exceptions, issue or agree to issue more securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with Shareholder approval for the purpose of Listing Rule 7.1.

The effect of passing Resolution 8 will be to allow the Company to issue securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1, without obtaining prior Shareholder approval.

Resolution 8 is an ordinary resolution. The Chairman will cast all available proxies in favour of Resolution 8.

9.3 Specific information required by Listing Rule 7.5

Listing Rule 7.5 requires information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 7.4 as follows:

- (a) The Employee Options were issued on 18 May 2012 and the Employee Shares were issued on 20 July 2012.
- (b) The Employee Options were issued at nil cash price and the Employee Shares were issued at a deemed issue price of \$0.017 per Share based on a 5 day VWAP at 30 June 2012.
- (c) Each Employee Option has an exercise price of \$0.06 and expiry date of 18 May 2017. Further terms and conditions of the Employee Options are in Schedule 3. The Employee Shares are fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue.
- (d) The Employee Options and the Employee Shares were allotted and issued to various employees of the Company who are not related parties or Associates of related parties of the Company.

- (e) No funds will be raised from the issue of the Employee Options and Employee Shares as they were issued for nil cash consideration but as part of the consideration for the services provided by employees of the Company.
 - (f) A voting exclusion statement is included in the Notice.
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10. Resolution 9 – Approval of the Allied Healthcare Employee Option Plan

10.1 Background

Resolution 9 seeks Shareholder approval, in accordance with Listing Rule 7.2 Exception 9(b), for the establishment of, and issue of Options, under the Allied Healthcare Group Employee Option Plan (**Employee Option Plan**) on the terms and conditions set out in Schedule 2.

The terms and conditions of the Employee Option Plan are based on the employee option plan previously adopted by the Company in October 2004.

The two main purposes of the Employee Option Plan are to give an incentive to the Eligible Employees to provide dedicated and ongoing commitment and effort to the Company aligning the interests of both employees and Shareholders and for the Company to reward Eligible Employees for their efforts. The Employee Option Plan contemplates the issue to Eligible Employees of Options to subscribe for Shares.

10.2 Listing Rule 7.2 Exception 9

Listing Rule 7.1 prohibits a Company (unless if it falls within one of the exceptions contained in Listing Rule 7.2) from issuing more than 15% of its securities on issue in any 12 month period, without obtaining shareholder approval.

Listing Rule 7.2 Exception 9(b) provides that an issue of securities to persons participating in an employee option plan where shareholders have approved the issue of securities under the plan is an exception to Listing Rule 7.1. Shareholder approval must be given in a general meeting held not more than 3 years before the date of issue where the Notice contains or is accompanied by certain prescribed information (set out below).

The purpose of Resolution 9 is for Shareholders to approve the renewal of the Employee Option Plan for a further 3 years period to enable the Company to issue Options under the Employee Option Plan without reducing the 15% capacity.

This approval will be effective for a period of 3 years from the date Shareholders pass Resolution 9.

Resolution 9 is an ordinary resolution.

10.3 Specific Information Required by Listing Rule 7.2

In accordance with the requirements of Listing Rule 7.2 Exception 9(b) the following information is provided:

- (a) The terms and conditions of the Employee Option Plan are summarised in Schedule 2.
- (b) No Options have been issued under the Employee Option Plan. However, the Company has issued 2,150,000 Options under the employee option plan approved in October 2004.
- (c) A voting exclusion statement has been included for the purposes of Resolution 9.

11. Resolution 10 – Approval of 10% Placement Facility

11.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 11.2(c) below).

The Directors of the Company believe that Resolution 10 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

11.2 Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue one class of quoted Equity Securities, being Shares.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the date of issue or agreement:

(A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;

(B) plus the number of partly paid shares that became fully paid in the 12 months;

- (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) **Listing Rule 7.1 and Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 801,745,313 Shares and therefore has a capacity to issue:

- (i) subject to Shareholder approval being sought under Resolutions 7 and 8, 120,261,797 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being sought under Resolutions 7, 8 and 10, 80,174,531 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 11.2(c) above).

(e) **Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) **10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

11.3 Listing Rule 7.1A

The effect of Resolution 10 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 10 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

11.4 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 10 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- (i) two examples where variable “A” has increased, by 50% and 100%. Variable “A” is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders’ meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.012 50% decrease in Issue Price	\$0.024 Issue Price	\$0.048 100% increase in Issue Price
Current Variable A 801,745,313 Shares	10% Voting Dilution	80,174,531 Shares	80,174,531 Shares	80,174,531 Shares
	Funds raised	\$962,094	\$1,924,189	\$3,848,377
50% increase in current Variable A 1,202,617,969 Shares	10% Voting Dilution	120,261,797 Shares	120,261,797 Shares	120,261,797 Shares
	Funds raised	\$1,443,142	\$2,886,283	\$5,772,566
100% increase in current Variable A 1,603,490,626 Shares	10% Voting Dilution	160,349,062 Shares	160,349,062 Shares	160,349,062 Shares
	Funds raised	\$1,924,189	\$3,848,377	\$7,696,755

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) No Options are exercised into Shares before the date of the issue of the Equity Securities;
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder’s holding at the date of the Meeting.
- (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
- (vii) The issue price is \$0.024, being the closing price of the Shares on ASX on 5 October 2012.

- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 10 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking)).
- (d) The Company may seek to issue the Equity Securities to raise funds for any of the following purposes:
 - (i) non-cash consideration for the acquisition of new investments or assets. In such circumstances, the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised:
 - (A) to further gain marketing approval for ADAPT[®] TEP Products including CardioCel[®];
 - (B) to increase commercialisation activities involving CardioCel[®] to increase manufacturing capacity and ensuring adequate sales resources;
 - (C) to further commercialise next generation DNA vaccines with Professor Ian Frazer;
 - (D) to acquire additional inventories for the Company's sales distribution; or
 - (E) for costs associated with due diligence and engagement of advisers in connection with any of the above purposes.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

- (e) The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.
- (f) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

Schedule 1 - Definitions

In this Notice and the Explanatory Memorandum:

\$ means Australian Dollars.

10% Placement Facility has the meaning given in Section 11.1.

10% Placement Period has the meaning given in Section 11.2.

Annual Report means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2012.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors.

Business Day means:

- (a) for determining when a notice, consent or other communication is given, a day that is not a Saturday, Sunday or public holiday in the place to which the notice, consent or other communication is sent; and
- (b) for any other purpose, a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth.

Chair or **Chairman** means the person appointed to chair the Meeting convened by this Notice.

Closely Related Party means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

Company means Allied Healthcare Group Ltd (ACN 088 221 078).

Constitution means the constitution of the Company as at the commencement of the Meeting.

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

Director means a director of the Company.

Directors' Report means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

Employee Options has the meaning given in Section 9.1.

Employee Option Plan has the meaning given in Section 10.1.

Employee Shares has the meaning given in Section 9.1.

Equity Securities has the same meaning as in the Listing Rules.

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of ASX.

Meeting has the meaning in the introductory paragraph of the Notice.

Notice means this notice of meeting.

Option means an option which entitles the holder to subscriber for one Share.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution contained in the Notice.

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Memorandum.

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

Shareholder means a shareholder of the Company.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

VWAP means volume weight average price.

WST means Western Standard Time, being the time in Perth, Western Australia.

In this Notice and the Explanatory Memorandum words importing the singular include the plural and vice versa.

Schedule 2 – Terms and Conditions of Employee Option Plan

In this Schedule:

ASX means Australian Stock Exchange Limited (ACN 008 624 691);

Board means the Board of Directors of the Company;

Business Day means a day on which banks are open for general banking business in Perth, Western Australia;

Company means Allied Healthcare Group Limited (ABN 35 088 221 078).

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

Director means a validly appointed executive or non-executive director and/or alternate director of the Company, from time to time.

Eligible Employee means any full time or part time employee (including a director) of the Company or any nominee of such party (if approved by the Board) who is declared by the Board to be an eligible employee for the purposes of the Plan.

Exercise Condition means the performance, vesting or other conditions (as applicable) determined by the Board and specific in an invitation to apply for Options which are, subject to these Rules, required to be satisfied, reached or met before the Options can be exercised.

Exercise Period means, , subject to Rule 10, the period commencing on the Grant Date and ending at 5.00pm (WST) on the Expiry Date.

Exercise Price means the amount determined by the Board as being payable by an Optionholder to acquire one Share upon exercise of an Option but shall not be less than the average Market Price on ASX on the five trading days prior to the day that the Board resolves to grant the Option.

Expiry Date means a date being 4 years from the date of grant of each respective Option unless otherwise determined by the Board in accordance with the Plan.

Grant Date in relation to an Option means the date when the Board determines that an Option takes effect.

Listing Rules means the Official Listing Rules of the ASX as they apply to the Company from time to time.

Market Price means the price quoted for buyers of Shares at the close of trading as published by the ASX in the National Trading Statistics.

Option means a right to acquire a Share whether by purchase or subscription and the corresponding obligation of the Company and the Eligible Employee in the manner set out in the Plan.

Optionholder means a person who holds Options under this Plan.

Plan means the Allied Healthcare Group Employee Option Plan as set out in the Rules, subject to any additions or amendments made under the Rules.

Rules means the terms and conditions set out in the Plan.

Shares means a fully paid ordinary shares in the capital of the Company.

Unless the context otherwise requires any word or phrase used in these Rules which is not defined but which is defined in the Listing Rules has the same effect as that contained in the Listing Rules.

- (a) Words importing gender include all genders.
- (b) The singular includes the plural and vice versa.
- (c) Headings are included for convenience only and do not affect the construction of these Rules.

1. Purpose

The purpose of the Plan is to:

- (a) provide an incentive to directors and employees and officers to achieve the long term objectives of the Company; and
- (b) attract as employees persons of experience and ability to employment with the Company and foster and promote loyalty between the Company and its employees.

2. Limit to number of Options issued

The total number of Options that may be granted under the Plan shall not exceed 5% of the total number of Shares on issue in the capital of the Company as of the date of this Plan.

3. Commencement

Subject to the passing of an ordinary resolution of Shareholders in general meeting authorising its establishment, this Plan shall take effect from such date subsequent to that meeting as is resolved by the Board (**Commencement Date**).

4. Invitation

The Board may from time to time, at its absolute discretion, issue a written invitation (in such form as the Board decides from time to time) to an Eligible Employee to apply for up to a specified number of Options.

- (a) The number of Options an Eligible Employee may be allocated shall be determined by the Board in its discretion and having regard (but not limited to) performance and seniority within the Company and the relative performance of the Company.
- (b) The Board will, together with the invitation referred to in this Rule advise each Eligible Employee of the following regarding the Options:
 - (i) the method of calculation of the Exercise Price;
 - (ii) the number of Options being offered and the maximum number of Shares over which each Option is granted;
 - (iii) the Exercise Period;
 - (iv) any Exercise Condition;

- (v) the dates and times when the Options lapse;
- (vi) the date and time by which the application for Options must be received by the Company; and
- (vii) such other matters as the Directors at any time determine.

5. Application for Options

Following receipt of an invitation, an Eligible Employee may take up their entitlements, or part of them, to Options under the Plan in the form specified in the invitation referred to in Rule 4.

6. Grant of Options

- (a) The Company shall be obliged to accept any application made under Rule 5, provided the application accords, in all respects, with these Rules and is for such number of Options, or part thereof, to which the Eligible Employee is entitled under the Plan. Upon acceptance of a duly signed and completed application for Options, the Board, may in its complete discretion and only where the Eligible Employee remains an employee of the Company, within 10 Business Days, deliver an Option Certificate in respect of Options applied for.
- (b) An Option is only transferable:
 - (i) with the consent of the Board; or
 - (ii) by force of law upon the death to the Optionholder's legal personal representative or upon bankruptcy to the Optionholder's trustee in bankruptcy.
- (c) Where the Optionholder purports to transfer an Option other than in accordance with Rule 6(b) the Option immediately lapses.

7. General Terms and Conditions of Options

The terms and conditions in this Rule apply to the Options:

- (a) no monies will be payable for the issue of the Options;
- (b) each Option shall carry the right to subscribe for one Share;
- (c) Shares allotted to Eligible Employees on exercise of Options shall be issued at a price determined by the Board in its absolute discretion (subject to the application of the Listing Rules);
- (d) the issue price of Shares the subject of the Options will be payable in full on exercise of the Options;
- (e) the Company will apply to the ASX within a reasonable time, after they have allotted those Shares under the Plan for those Shares to be listed on the ASX;
- (f) subject to Rule 10, the Options may be exercised any time during the Exercise Period;
- (g) the Options will not be listed for Official Quotation on the ASX;
- (h) Shares allotted pursuant to an exercise of Options shall rank, from the date of allotment, equally with existing Shares of the Company in all respects;

- (i) there will be no transfer restrictions on Shares allotted under the Plan unless the sale by the holder of the Shares issued on exercise of the Options would require the Company to prepare a disclosure document (as defined in the Corporations Act). If a disclosure document is required that holder will enter into such arrangements with the Company as the Company considers appropriate to prevent the holder from dealing with the Shares for the period during which the disclosure document would be required;
- (j) in the event of any reconstruction (including consolidation, subdivisions, reductions or return) of issued capital of the Company, the rights of an Optionholder will be changed to the extent necessary to comply with the Listing Rules applying to a re-organisation of the capital at the time of the re-organisation.
- (k) an Optionholder may participate in new issues of the Company provided that it has first exercised its Options given under the Plan;
- (l) Options may not be offered to a Director or his or her associates except where approval is given by the Shareholders of the Company in accordance with the Listing Rules;
- (m) if an Optionholder ceases to be an Eligible Employee of the Company (for any reason, but otherwise than by reason of his or her death) before an Option is exercised:
 - (i) subject to Rule 10, the Option continues and may be exercised by the Optionholder, during any period determined by the Board until the Option lapses; or
 - (ii) the Option will automatically lapse one month after the date of cessation of employment with the Company, unless the Board determines otherwise,
- (n) if an Optionholder dies before an Option has been exercised and at that time the Optionholder was an Eligible Employee of the Company:
 - (i) subject to Rule 10, the Option may be exercised by the Optionholders personal representative, during any period determined by the Board, until the Option lapses; or
 - (ii) the Option will automatically lapse one month after the death of an Optionholder, unless the Board determines otherwise,
- (o) if, in the opinion of the Board, an Optionholder acts fraudulently or dishonestly or is in breach of his or her obligations to the Company, then the Board may deem any unexercised Options of the Optionholder to have lapsed;
- (p) where the Optionholder is a director of the Company and ceases to hold such office by reason of removal pursuant to a resolution duly passed by the members of the Company, then the Board may deem any unexercised Options held by that director to have lapsed.

8. Amendments

- (a) Subject to Rule 8(b), the Board may amend these Rules at any time and from time to time.
- (b) At any time while the Company is included in the official list of the ASX, no amendment may be made to these Rules except in accordance with the Listing Rules or as otherwise permitted by the ASX.

9. Powers of Directors

The Plan shall be administered by the Board who shall have the power to:

- (a) determine procedures from time to time for the administration of the Plan consistent with these Rules;
- (b) resolve conclusively all questions of fact or interpretation in connection with the Plan; and
- (c) delegate to any one or more persons, for such period and on such conditions as it may determine, the exercise of any of the Board's powers or discretions arising under the Plan.

10. Conditions of Exercise of Options

Save for in the event of an offer being made for all or part of the Shares in the Company within the meaning of Chapter 6 of the Corporations Act or unless otherwise agreed by the Board, an Optionholder may not exercise any Option unless the Exercise Conditions (if any) have been satisfied, reached or met.

11. Termination

The Plan may at any time be terminated by the Board but such termination shall not affect the rights of holders of Options issued prior to termination.

12. Laws Governing Plan

This Plan and any Options issued under it are governed by the laws of Western Australia.

13. Cancellation

The Options granted under this Plan may be cancelled by mutual consent of the Company and the Optionholder.

14. Takeover Provisions

- (a) If a person makes a takeover bid (as defined in the Corporations Act) to acquire Shares and the takeover bid extends to Shares issued and allotted after the date of the takeover bid then the Optionholder may exercise all Options granted.
- (b) However, if the person referred to in Rule 14(a) becomes entitled to proceed to compulsory acquisition of the Shares under Part 6A.1 of the Corporations Act (or its successor) then the Options will expire 30 days (or such later date as the Board determines in its sole discretion) after the person becomes so entitled.
- (c) In such event, the Company shall notify (in writing) the Optionholder of the Expiry Date as soon as possible after the Company becomes aware that the person has become entitled to proceed to compulsory acquisition.

15. Listing Rules

The Plan and the Rules must at all times comply with the Listing Rules. If there is any inconsistency between the Rules or the Plan and the Listing Rules will prevail.

16. Dividend and Voting Rights

An Optionholder has no right to vote at meetings of the Company until those Options are exercised in accordance with the Plan.

17. Taxation

Neither the Company nor any director, officer, employee, representative or agent take any responsibility or assume any liability for the taxation liabilities of Eligible Employees.

Schedule 3 – Terms and Conditions of Employee Options

1. Entitlement

The Employee Options entitle the Employee Option holder to subscribe for one Shares upon the exercise of each Employee Option.

2. Exercise Price

The exercise price of each Employee Option is \$0.06 (**Exercise Price**).

3. Expiry Date

Each Employee Option that has not been exercised expires at 5pm (WST) on the date that is 5 years after the date that the Employee Options are granted (**Expiry Date**).

4. Exercise Period

The Employee Options are exercisable following satisfaction of the vesting conditions in clause 5 (as applicable) and prior to the Expiry Date.

5. Vesting Conditions

The Employee Option holder's Employee Options shall vest and become exercisable as follows:

Number	Vesting Date⁽¹⁾
1,600,000	31 December 2012
1,600,000	31 December 2013
1,600,000	31 December 2014
333,333	18 May 2013
333,333	18 May 2014
333,334	18 May 2015

(1) Provided the Employee Option holder remains in employment or service to the Company since the date of grant of the Employee Options.

6. Notice of Exercise

The Employee Options may be exercised by notice in writing to the Company and payment of the Exercise Price for each Employee Option being exercised. Any notice of exercise of an Employee Option received by the Company will be deemed to be a notice of the exercise of that Employee Option as at the date of receipt.

7. Shares issued on exercise

Shares issued on exercise of the Employee Options rank equally with the Shares of the Company.

8. Timing of issue of Shares

After an Employee Option is validly exercised the Company must as soon as possible issue the Share.

9. Participation in new issues

There are no participation rights or entitlements inherent in the Employee Options and the Employee Option holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Employee Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the Employee Option holder the opportunity to exercise their Employee Options prior to the date for determining entitlements to participate in any such issue.

10. Adjustments for reorganisation

In the event of any reorganisation of the issued capital of the Company (including consolidation, subdivision, reduction or return) the number of Shares attaching to each Employee Option or the Exercise Price or both will be reorganised at the time of the reorganisation.

11. Employee Options not transferable

The Employee Options are not transferable.



ALLIED HEALTHCARE GROUP

ABN 35 088 221 078

000001 000 AHZ
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

For your vote to be effective it must be received by 10.00 am (WST) Sunday 18 November 2012

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View the annual report , 24 hours a day, 7 days a week:

www.alliedhealthcaregroup.com.au

To view or update your securityholding

www.investorcentre.com

Your secure access information is:

SRN/HIN: I9999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Allied Healthcare Group Ltd hereby appoint

☐

the Chairman
of the Meeting OR



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Allied Healthcare Group Limited to be held at Duxton Hotel, 1 St Georges Terrace, Perth on Tuesday, 20 November 2012 at 10.00 am (WST) and at any adjournment or postponement of that Meeting.

Important - If the Chairman of the Meeting is your proxy or is appointed your proxy by default

The Chairman of the Meeting intends to vote all available proxies in favour of Resolutions 1, 4, 5, 6, 8 & 9. If the Chairman of the Meeting is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', 'against' or 'abstain' box in relation to Resolutions 1, 4, 5, 6, 8 & 9 you will be expressly authorising the Chairman to vote in accordance with the Chairman's voting intentions on Resolutions 1, 4, 5, 6, 8 & 9 even if Resolutions 1, 4, 5, 6, 8 & 9 are connected directly or indirectly with the remuneration of a member of Key Management Personnel.

Important Note: For Resolution 4, this express authority is also subject to you marking the box in the section below.

Important for Resolution 4 If the Chairman of the Meeting is your proxy and you have not directed the Chairman how to vote on Resolution 4 below, please mark the box in this section. If you do not mark this box and you have not otherwise directed your proxy how to vote on Resolution 4, the Chairman of the Meeting will not cast your votes on Resolution 4 and your votes will not be counted in computing the required majority if a poll is called on this. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 4.

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I/We acknowledge that the Chairman of the Meeting may exercise my/our proxy even if the Chairman has an interest in the outcome of Resolution 4 and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

STEP 2

Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain			For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 6	Authority to Issue Shares to Mr Peter Turvey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director - Mr Peter Turvey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7	Ratification of Prior Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Director - Mr Michael Bennett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8	Ratification of Prior Issue of Securities to Employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Authority to Issue Shares to Mr Christopher Catlow	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9	Approval of Allied Healthcare Employee Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Authority to Issue Shares to Mr Graeme Rowley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /

AHZ

157027A

Computershare +