

16 October 2019

Dear Shareholder

Integral Diagnostics Limited
2019 Annual General Meeting

The 2019 Annual General Meeting of Integral Diagnostics Limited is to be held on 19 November 2019 at 9:00am at the office of PricewaterhouseCoopers, Level 19, 2 Riverside Quay, Southbank, Victoria.

Please find enclosed the Notice of Meeting, Explanatory Memorandum, question form and Proxy Form for your information.

At the meeting, the Managing Director/Chief Executive Officer and I will comment on the Company's performance for the financial year ending 30 June 2019. The items of business set out in the Notice of Meeting will then be considered.

All resolutions to be put to the meeting are discussed in the Explanatory Memorandum attached to the Notice of Meeting, along with Directors' voting recommendations.

Please also refer to the 2019 Annual Report which can be viewed at www.integraldiagnostics.com.au.

If you plan to attend the meeting in person, please bring your Proxy Form to facilitate your registration. If you are not able to attend the meeting in person, I encourage you to complete and return the enclosed Proxy Form. The instructions for voting by proxy or in person are set out in the Important Information section on pages 2-4 of the Notice of Meeting.

I also encourage shareholders to submit written questions in advance of the meeting relevant to the business of the meeting. Please complete and return the Shareholders question form that is included with the Notice of Meeting by Monday, 11 November 2019. I will then address the key questions during the course of the meeting.

I look forward to seeing you at the meeting and invite you to join the Board members and management for light refreshments at the conclusion of the meeting.

Yours sincerely

Helen Kurincic
Chair

NOTICE OF 2019 ANNUAL GENERAL MEETING

Notice is hereby given that the 2019 Annual General Meeting of Integral Diagnostics Limited (the **Company**) will be held at the office of PricewaterhouseCoopers located at Level 19, 2 Riverside Quay, Southbank, Victoria 3006, on Tuesday 19 November 2019, commencing at 9.00am (Melbourne Time).

Further details in respect of each of the resolutions proposed in this Notice of Annual General Meeting are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.

ITEMS OF BUSINESS

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the Financial Report of the Company and its controlled entities and the Reports of the Directors and Auditors for the year ended 30 June 2019.

2. RE-ELECTION OF MR JOHN ATKIN AS A DIRECTOR

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

"That, Mr John Atkin, who retires by rotation and being eligible, be re-elected as a Director of the Company."

Details of the qualifications and experience of Mr John Atkin are set out in the Explanatory Memorandum.

3. ELECTION OF DR JACQUELINE MILNE AS A DIRECTOR

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

"That, Dr Jacqueline Milne, who was appointed on 1 November 2019, retires and being eligible, be elected as a Director of the Company."

Details of the qualifications and experience of Dr Jacqueline Milne are set out in the Explanatory Memorandum.

4. REMUNERATION REPORT

To consider and, if thought fit, pass the following resolution as a non-binding ordinary resolution:

"The Remuneration Report for the year ended 30 June 2019 be adopted."

Note: voting restrictions apply to this item of business. Please see page 3 for further details.

5. APPROVAL OF LONG-TERM INCENTIVE GRANT OF FY20 RIGHTS TO THE MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER

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

"That approval be given for all purposes, including ASX Listing Rule 10.14, for the grant of Rights to Dr Ian Kadish as his annual long-term incentive grant for the year ended 30 June 2020 on the terms described in the Explanatory Memorandum accompanying this Notice of Meeting."

Note: voting restrictions apply to this item of business. Please see page 4 for further details.

6. RATIFICATION OF SHARE ISSUE – RADIOLOGIST SHARE LOAN SCHEME

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

“That for the purpose of Listing Rule 7.4 and for all other purposes, the issue of ordinary shares pursuant to the Company’s Radiologist Loan Share Scheme, be ratified.”

Note: voting restrictions apply to this item of business. Please see page 4 for further details.

7. APPROVAL OF FINANCIAL ASSISTANCE

To consider and, if thought fit, pass the following resolution as a special resolution:

“For the purposes of section 260B(2) of the Corporations Act 2001 (Cth), approval is given for the financial assistance to be provided by each member of the Target Group from time to time in connection with the Acquisition, each as described in the Explanatory Memorandum accompanying this Notice of Meeting.”

The accompanying important information and Explanatory Memorandum form part of this Notice of Meeting.

By order of the Board

Kirsty Lally
Company Secretary

16 October 2019

IMPORTANT INFORMATION

ANNUAL REPORT

The Company's 2019 Annual Report is available at:
<https://www.integraldiagnostics.com.au/page/for-investors/>

SHAREHOLDERS ENTITLED TO ATTEND AND VOTE

All shareholders may attend the Annual General Meeting.

The Board has determined that persons entitled to attend and vote at the meeting will be those persons set out in the register of Members as at 7.00pm (Melbourne Time) on Sunday, 17 November 2019. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to vote at the meeting.

If more than one joint holder of shares is present at the Annual General Meeting (whether personally, by proxy, by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

VOTING AND REQUIRED MAJORITY

The Resolution proposed by Item 7 (in accordance with section 260B(2) of the Corporations Act) must be passed by at least 75% of all the votes cast by Shareholders entitled to vote on the Resolution (whether in person or by proxy, attorney or representative).

In the case of each other Resolution, the Resolution must be passed by more than 50% of all votes cast by Shareholders entitled to vote on the Resolution (whether in person or by proxy, attorney or representative).

Subject to the voting exclusions, on a show of hands every Shareholder has one vote and, on a poll, every Shareholder has one vote for each Share held.

PROXIES

If you are a shareholder entitled to vote, you may appoint a proxy to attend and vote on your behalf. A proxy need not be a shareholder of the Company and can be either an individual or a body corporate.

If you wish to appoint a body corporate as your proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the *Corporations Act 2001* (Cth); and
- provides satisfactory evidence of the appointment of its corporate representative.

If such evidence is not received before the commencement of the meeting, the body corporate (through its representative) will not be permitted to act as a proxy.

If you are a shareholder holding two or more shares, you can appoint either one or two proxies. Where two proxies are appointed, you can specify what proportion or number of your votes you want each proxy to exercise. If no proportion or number is specified, each proxy may exercise half of your votes, and if both proxies attend the meeting, neither proxy may vote on a show of hands.

If you wish to indicate how your proxy should vote, please mark the appropriate boxes on the proxy form. If you do not direct your proxy how to vote on a particular item of business, you are authorising your proxy to vote as they decide, subject to any applicable voting exclusions.

Your proxy must vote in accordance with your directions on the proxy form. If a poll is duly demanded in relation to a proposed resolution, and you have directed your proxy how to vote, and either the proxy fails to attend the meeting or chooses not to vote on a poll then the Chairman of the meeting will vote your proxies on that resolution as directed by you.

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

Unless the Chairman of the meeting is your appointed proxy (or he/she becomes your proxy by default), members of the Company's Key Management Personnel (**KMP**) (which includes each of the Directors) and their closely related parties will not be able to vote as proxy on Items 4 and 5, and associates of Dr Kadish will not be able to vote as proxy in favour of item 5, unless you direct them how to vote. If you intend to appoint one of these individuals as your proxy, you should ensure that you direct that person how to vote on Items 4 and 5.

LODGEMENT

To be effective, completed proxy forms (together with any additional documentation such as a power of attorney or appointment of a body corporate representative) must be received by the Company via its Share Registry by 9.00am (Melbourne Time) on Sunday, 17 November 2019, by one of the following methods:

Online: Shareholders may lodge proxies online by visiting www.investorvote.com.au and following the prompts. To use this facility you will need your Shareholder Reference Number (SRN) or Holder Identification Number (HIN), postcode and control number as shown on the proxy form.

For Intermediary Online subscribers only (custodians and nominees) please visit:
www.intermediaryonline.com

By Mail: to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria 3001

In Person: Share Registry, Computershare Investor Services, 452 Johnson Street, Abbotsford, Victoria 3067

By Fax: to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)

CORPORATE REPRESENTATIVE

Any corporate shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with a certificate or letter executed in accordance with the *Corporations Act 2001* (Cth) authorising him or her to act as that company's representative. The authority must be sent to the Company (attention: Company Secretary) and/or registry before the commencement of the meeting.

VOTING BY ATTORNEY

A shareholder entitled to attend and vote may appoint an attorney to act on his or her behalf at the meeting. An attorney may but need not be a member of the Company.

An attorney may not vote at the meeting unless the instrument appointing the attorney, and the authority under which the instrument is signed or a certified copy of the authority, are received by the Company before the commencement of the meeting.

SHAREHOLDER QUESTIONS

The Annual General Meeting is intended to give shareholders the opportunity to hear both the Chairman and the Managing Director/Chief Executive Officer talk about the financial year just passed and also give some insight into the Company's prospects for the year ahead. At the meeting, shareholders will have a reasonable opportunity to ask questions on the management of the Company and the Remuneration Report.

Shareholders will also be given reasonable opportunity to ask the Company's auditor, PwC, questions about the content of its report, and the conduct of the audit of the Company for the past financial year.

Shareholders are encouraged to submit written questions in relation to these matters. During the meeting, the Chairman of the meeting will seek to address as many of the more frequently raised topics as possible. Please note that individual responses will not be sent.

Written questions must be submitted no later than 5:00pm (Melbourne Time) on Monday, 11 November 2019 by completing the question form enclosed with the Notice of Meeting.

Following the Annual General Meeting, shareholders are invited to join Directors and the executives for refreshments.

VOTING RESTRICTIONS

Voting on Item 4

The Company will disregard any votes cast on Item 4:

- a. by or on behalf of a member of the Company's KMP named in the Company's Remuneration Report for the year ended 30 June 2019 or their closely related parties, regardless of the capacity in which the vote is cast; or
- b. as a proxy by a person who is a member of the Company's KMP at the date of the meeting and their closely related parties,

unless the vote is cast as proxy for a person entitled to vote on Item 4:

- c. in accordance with a direction in the proxy form; or
- d. by the Chairman of the meeting, pursuant to an express authorisation in the proxy form to exercise the proxy even though Item 4 is connected with the remuneration of KMP.

Voting on Item 5

The Company will disregard any votes cast on Item 5:

- a. in favour of item 5 by or on behalf of Dr Kadish and any of his associates, regardless of the capacity in which the vote is cast; or
- b. as a proxy by a person who is a member of the Company's KMP at the date of the meeting or their closely related parties,

unless the vote is cast as proxy for a person entitled to vote on Item 5:

- c. in accordance with a direction in the proxy form; or
- d. by the Chairman of the meeting pursuant to an express authorisation in the proxy form to exercise the proxy even though Item 5 is connected with the remuneration of the KMP.

Voting on Item 6

The Company will disregard any votes cast in favour of Item 6 by or on behalf of:

- a. any person who participated in the issue; and
- b. any associates of those persons,

unless the vote is cast as proxy for a person entitled to vote on Item 6:

- c. in accordance with a direction in the proxy form; or
- d. by the Chairman of the meeting pursuant to an express authorisation in the proxy form to vote as the proxy decides.

If you appoint the Chairman of the Meeting as your Proxy

If you appoint the Chairman of the Annual General Meeting as your proxy (or he/she becomes your proxy by default), and you do not direct your proxy how to vote on Items 4 and 5 on the proxy form, you will be expressly authorising the Chairman of the meeting to exercise your proxy on these Items even though the resolution is connected, directly or indirectly, with the remuneration of the KMP.

The Chairman of the meeting intends to vote all available proxies in favour of Items 4 and 5.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared to assist shareholders in understanding the items of business at the forthcoming Annual General Meeting.

ITEM 1 - ANNUAL FINANCIAL STATEMENTS AND REPORTS

The Company's Annual Report for 2019 (which includes the Financial Report, the Directors' Report and the Auditor's Report, together called the "Reports") will be presented to the meeting.

Neither the Corporations Act nor the Company's Constitution requires a vote of shareholders on the Reports. However, shareholders will be given a reasonable opportunity to ask questions about the management of the Company.

Also, a reasonable opportunity will be given to shareholders as a whole at the meeting to ask the Company's Auditor, PwC, questions relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

Shareholders are invited to submit written questions in advance of the meeting as set out in the enclosed form.

ITEM 2: RE-ELECTION OF MR JOHN ATKIN AS A DIRECTOR

Mr John Atkin was appointed as an independent non-executive Director of the Company on the 1st October 2015. Mr Atkin is the Chair of the People and Remuneration Committee, a member of the Audit, Risk & Compliance Committee and the Nomination Committee.

John is a professional director with significant experience as a director of publicly listed companies. In 2018, John was appointed as Chair of the Australian Institute of Company Directors. John is also a Non-Executive Director of IPH Limited (ASX: IPH), Chair of the trustee of the Qantas Superannuation Fund and a director of the trustee of the Commonwealth Bank Group Superfund. John was a non-executive director of Aurizon Limited (ASX: AZJ) from 2010 to 2016 and Chair of GPT Metro (ASX:GMF) for 2014 to 2016.

John was Chief Executive Officer and Managing Director of The Trust Company Limited from 2009 to 2013 prior to its successful merger with Perpetual Limited. Prior to joining The Trust Company, John was the managing partner of leading Australasian law firm Blake Dawson (now Ashurst). Before this, John was a senior mergers and acquisitions partner of Malesons Stephen Jacques (Now King & Wood Malesons). John is Chairman of the Australian Outward Bound Foundation, Vice Chair of Outward Bound International Inc and Chair of Hunters Hill Environment Action Group Inc.

Recommendation

The Board (with Mr John Atkin abstaining) unanimously recommends the re-election of Mr John Atkin as a Director of the Company.

ITEM 3: ELECTION OF DR JACQUELINE MILNE AS A DIRECTOR

Dr Jacqueline Milne (BASC., MBBS, FRANZCR,) was appointed as a Director of the Company on 1 November 2019. Dr Milne is a full-time permanently employed radiologist of the Company and is therefore considered by the Board to be a Non-Independent Executive Director. The Board is committed to the value of radiologist Executive Directors on the Board given the Company is a specialist medical business. The Company has, and will continue to have, a majority independent Board.

Dr Milne is based in Queensland and is an appointed member of the Company's group-wide Integral and Queensland Clinical Leadership Committees. Dr Milne graduated from the University of Queensland with a medical degree and completed her radiology fellowship at the Gold Coast University Hospital. Dr Milne began her medical career as a practicing Radiographer at South Coast Radiology prior to commencing her medical degree and radiology qualifications.

Dr Milne's speciality interests include women's imaging, medical training and general procedural work.

Recommendation

The Board (with Dr Jacqueline Milne abstaining) unanimously recommends the election of Dr Jacqueline Milne as a Director of the Company.

ITEM 4: ADOPTION OF THE REMUNERATION REPORT FOR YEAR ENDED 30 JUNE 2019

The Corporations Act requires that at a listed Company's Annual General Meeting, a resolution that the Remuneration Report be adopted must be put to the shareholders. However, this resolution is advisory only and does not bind the Directors or the Company. Nevertheless the Board will take into account the outcome of the vote and discussion at the meeting when considering the future remuneration policies and practices of the Company.

The Remuneration Report sets out the Company's remuneration arrangements for KMP of the Company. The Remuneration Report is part of the Annual Report for the year ending 30 June 2019 (and can be found on pages 19 to 28 of the Annual Report).

Shareholders will have a reasonable opportunity at the meeting to ask questions about or make comments on the Remuneration Report.

Recommendation

The Board unanimously recommends the adoption of the Remuneration Report.

ITEM 5: APPROVAL OF LONG-TERM INCENTIVE GRANT OF FY20 RIGHTS TO THE MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER

Pursuant to ASX Listing Rule 10.14, the Company is seeking shareholder approval for the grant of zero exercise priced options (referred to as **FY20 Rights**) to Dr Ian Kadish, Managing Director/Chief Executive Officer, as part of his long-term incentive (**LTI**) award for the year ended 30 June 2020 (**FY20**) as well as for the issue of any shares on vesting and exercise of the FY20 Rights.

Subject to shareholder approval, the FY20 Rights will be granted under Integral Diagnostics Equity Incentive Plan (**Plan**) within 12 months of the meeting.

Key terms of the FY20 LTI award

The Company's LTI is designed to align the interests of the Managing Director/Chief Executive Officer with the interests of shareholders by providing him with the opportunity to receive an equity interest in the Company through the granting of FY20 Rights.

It is proposed that Dr Kadish be granted 235,572 FY20 Rights, which have been determined by dividing Dr Kadish's LTI opportunity (being \$638,400) by the price offered under the Entitlement Offer Price announced to the market on the 26 August 2019 (being \$2.71), rounded up to the nearest whole number.

As the FY20 Rights will form part of Dr Kadish's remuneration, they will be granted at no cost and there will be no amount payable on vesting and exercise. The FY20 Rights will be automatically exercised on vesting.

The Company may issue new shares or acquire shares on market to satisfy awards under the Plan. Each FY20 Right entitles Dr Kadish to one ordinary share in the Company on vesting and exercise. The Board retains discretion to make a cash equivalent payment in lieu of an allocation of shares. Prior to vesting and exercise, FY20 Rights do not entitle Dr Kadish to any dividends or voting rights.

Performance condition

Dr Kadish's FY20 Rights will vest subject to the satisfaction of an earnings per share (**EPS**) performance condition.

EPS measures the earnings generated by the Company attributable to each share on issue on a fully diluted basis.

The EPS performance condition will be measured by reference to the compound annual growth rate (**CAGR**) of the Company's EPS over a period of 4 financial years, commencing on 1 July 2019 and ending on 30 June 2023. The EPS in FY20 for the purposes of this calculation has been determined by the Board to be 16.21 cents per share.

The percentage of FY20 Rights that will be eligible for vesting (if any) will be determined as follows:

Company's EPS CAGR over the performance period	% of FY20 Rights that vest
Less than 5% p.a.	Nil
Equal to 5% p.a.	20%
Between 5% and 12% p.a.	Straight line pro rata vesting between 20% and 100%
Equal to, or above, 12% p.a.	100%

Testing of the performance condition

The performance period will run from 1 July 2019 to 30 June 2023.

EPS will be measured on a compound growth basis over the four year performance period as the Board believes this incentivises Dr Kadish to improve performance over the performance period. Calculation of EPS, the CAGR of the EPS and achievement against the performance condition will be determined by the Board in its absolute discretion, having regard to any matters that it considers relevant (including any adjustments for unusual or non-recurring items that the Board considers appropriate).

The performance condition will be tested after the end of the performance period. The number of FY20 Rights that vest (if any) will be determined by the Board following completion of testing. Any remaining portion of the FY20 Rights that do not vest will lapse.

If none of the FY20 Rights vest following testing after the end of the performance period due to some extreme event or circumstance, the Board may, in its discretion, decide to re-test the performance condition at the end of a further one year period ending on 30 June 2024. Shortly after 30 June 2024, the Board will re-test the EPS performance condition by reference to the CAGR of the Company's EPS over a period of 5 financial years, commencing on 1 July 2019 and ending on 30 June 2024.

If the performance condition is determined to be satisfied, the FY20 Rights will vest by reference to the vesting schedule above and the FY20 Rights will automatically exercise on vesting. No exercise price is payable by Dr Kadish.

Other key terms of the FY20 Rights

Cessation of employment

Where employment is terminated for cause or ceases due to resignation (other than for death, permanent disability or serious illness) all unvested FY20 Rights will automatically lapse, unless the Board determines otherwise.

Generally, if the Managing Director/Chief Executive Officer ceases employment for any other reason, all of his unvested FY20 Rights will remain on foot and be subject to the original performance condition, as if he had not ceased employment.

Change of control

Where there is likely to be a change of control, the Board has the discretion to accelerate vesting of some or all of the FY20 Rights (but not less than a pro rata portion (calculated based on the portion of the performance period that has elapsed and tested based on performance against the performance condition to that date)). Where only some of the FY20 Rights are vested on a likely change of control, the remainder of the FY20 Rights will immediately lapse.

If a change of control occurs before the Board exercises its discretion, a pro-rata portion of the FY20 Rights (equal to the portion of the relevant performance period that has elapsed up to the change of control) will vest. The Board retains a discretion to determine whether the remaining unvested FY20 Rights will vest or lapse.

Clawback

The Board has broad "clawback" powers to determine that FY20 Rights lapse, any shares allocated on exercise are forfeited, or that amounts are to be repaid in certain circumstances (for example, in the case of gross misconduct).

Restrictions on dealing

Dr Kadish may elect to impose a trading restriction period beyond vesting and exercise of his FY20 Rights. This will have the effect of deferring the taxing point on any shares received by him. Dr Kadish may nominate one of following four dates for the restriction period to end (unless he ceases employment with the Group earlier):

- 1 July 2024 (one year), or
- 1 July 2026 (three years), or
- 1 July 2028 (five years); or
- 1 July 2031 (eight years).

In the event that re-testing occurs at the end of 30 June 2024, each of these four dates for the end of the restriction period will be one year later. During the restriction period, the shares will be subject to a holding lock or held in an employee share trust. Dr Kadish will be entitled to receive dividends on the shares and to vote in respect of those shares. Once the restriction period ends, Dr Kadish will be free to deal with the shares, subject to the Company's Securities Dealing Policy. If Dr Kadish ceases employment before the end of the restriction period, any restrictions will cease.

If Dr Kadish does not elect to impose a trading restriction period, no restriction period will apply and he will be free to deal in shares allocated to him on vesting and exercise of the FY20 Rights, subject to the requirements of the Company's Securities Dealing Policy.

Additional information provided in accordance with ASX Listing Rule 10.15

- Since the last shareholder approval at the 2018 Annual General Meeting, Dr Kadish has been granted:

	Year	No of Zero Priced Options issued at no cost
Rights held prior to last shareholder approval	FY18 Rights	362,585
Rights granted since last shareholder approval	FY19 Rights	200,000
Total rights now held		562,585

- Dr Kadish is the only Director entitled to participate in, and receive FY20 Rights under, the Equity Incentive Plan.
- No loan will be made by the Company in relation to the acquisition of FY20 Rights or allocation to Dr Kadish of any shares on exercise of those rights.
- If approval is given under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1.

Recommendation

The Board (with Dr Ian Kadish abstaining) unanimously recommends that shareholders approve the grant of FY20 Rights to Dr Ian Kadish.

ITEM 6: RATIFICATION OF SHARE ISSUE – RADIOLOGIST SHARE LOAN SCHEME

On 1 March 2019 and 2 September 2019, the Company issued Shares pursuant to the Company's Radiologist Loan Share Scheme. The issue on 1 March 2019 is referred to as the FY19 Loan Scheme and the issue on the 2 September 2019 is referred to as the FY20 Loan Scheme.

ASX Listing Rule 7.1 provides that any listed entity must not issue equity that totals more than 15% of its fully paid ordinary shares in a 12-month period without the approval of shareholders (**15% Rule**). The shares issued in connection with the FY19 and FY20 Loan Schemes were within the Company's placement capacity under Listing Rule 7.1. Listing Rule 7.4 provides that the Company may reinstate its capacity to issue up to 15% of the equity securities on issue in a 12-month period if shareholders ratify any previous issue of equity securities.

The Board is seeking shareholder ratification of the issue of shares under the FY19 and FY20 Loan Schemes so that the share issues are not considered in calculating the capacity of the Company to issue further shares under the 15% Rule. The resolution will assist the Company to manage its capital requirements efficiently by ensuring that the 15% limit is not diminished by the previous share issues and capacity is available for acquisitions and capital management, if necessary.

The Radiologist Loan Share Scheme was implemented to encourage ownership of the Company's Shares by Radiologists which assists in the long term alignment between Radiologists and the Company. The key terms of the Company's Radiologist Loan Share Scheme are as follows:

- Radiologists are eligible to participate in the plan if they have been employed by Integral Diagnostics Limited or a wholly owned entity for 12 months or more, subject to the Boards discretion;
- For each \$1 the radiologist contributes, the company will contribute \$2 via a limited recourse non-interest-bearing loan over a 10-year period;
- Own funded shares are subject to a "holding lock" released 25% per year over 4 years on the anniversary of the issue date;
- Loan funded shares are subject to an escrow period of 4 years, at which point the loan can be repaid earlier than the maximum 10 years;
- If a Radiologist leaves within the 4-year escrowed period, subject to Board Discretion, they forfeit any right to the loan funded shares;
- Shares are not tradeable whilst subject to holding lock and escrow arrangements;
- The arrangement is subject to a minimum investment by the Radiologist of \$25,000 up to a maximum investment of \$250,000;
- Dividend streams relating to the loan funded shares will be allocated, net of tax, to a repayment of the loan;
- Issue price of the shares is the 30-Day volume weighted average price of the Company's shares traded on the ASX on the 30 trading days up to (but not including) the allocation date, unless the Board Determines otherwise; and
- New Zealand Radiologists who participate in the plan are not issued loan funded shares. They are issued unlisted options under the Company's Equity Incentive Plan.

Terms of the ordinary share issue for FY19 Loan Scheme

Listing Rule 7.5 requires that the following information be provided to shareholders for the purposes of obtaining shareholder approval under Listing Rule 7.4:

- a. the number of ordinary shares in the Company that were issued was 1,666,285;
- b. the shares were issued at a price of AUD 2.7006 which represents the 30-Day volume weighted average price of the Company's shares traded on the ASX on the 30 trading days up to (but not including) the allocation date;
- c. the shares allotted and issued were fully paid ordinary shares and rank equally in all respects with the Company's other ordinary shares on issue. The shares are subject to vesting conditions and an interest free limited recourse loan. If all conditions are satisfied holding locks will be released as follows:
 - 138,861 shares – 1 March 2020
 - 138,856 shares – 1 March 2021
 - 138,855 shares – 1 March 2022
 - 138,855 shares – 1 March 2023
 - 1,110,858 shares – 1 March 2023 subject to repayment of loan (repayable by 1 March 2029); and
- d. the shares were allotted and issued to eligible Radiologists who accepted the offer to participate in the plan.

Terms of the ordinary share issue FY20 Loan Scheme

Listing Rule 7.5 requires that the following information be provided to shareholders for the purposes of obtaining shareholder approval under Listing Rule 7.4:

- a. the number of ordinary shares in the Company that were issued was 1,129,198;
- b. the shares were issued at a price of AUD 2.71 per share which was a Board determined price and was in line with Entitlement Offer Price in operation at the 2 September 2019;
- c. the shares allotted and issued were fully paid ordinary shares and rank equally in all respects with the Company's other ordinary shares on issue. The shares are subject to vesting conditions and an interest free limited recourse loan. If all conditions are satisfied holding locks will be released as follows:
 - 136,205 shares – 2 September 2020
 - 136,203 shares – 2 September 2021
 - 136,198 shares – 1 September 2022
 - 136,193 shares – 1 September 2023
 - 584,398 shares – 2 September 2023 subject to repayment of loan (repayable by 1 September 2029); and
- d. the shares were allotted and issued to eligible Radiologists who accepted the offer to participate in the plan.

Recommendation

The Board unanimously recommends that shareholders vote in favour of the ratification of the prior share issue.

ITEM 7: APPROVAL OF FINANCIAL ASSISTANCE

Pursuant to section 260A(1) of the Corporations Act 2001 (Cth) (Corporations Act), a company may financially assist a person to acquire shares in the company or a holding company of the company if the assistance is approved by shareholders under section 260B of the Corporations Act.

Under section 260B(1) of the Corporations Act, the financial assistance must be approved by a resolution passed by the shareholders of the relevant company.

In addition, under section 260B(2) of the Corporations Act, if immediately after the acquisition the company will be a subsidiary of another domestic corporation that is listed in Australia, then the financial assistance must be approved by a special resolution passed by the shareholders of that other domestic corporation.

The purpose of this section is to explain in further detail the proposed financial assistance resolution set out in the Notice of Meeting which must be passed under section 260B(2) of the Corporations Act to enable the members of the Target Group to financially assist the Purchaser in connection with the Acquisition (each as described below). This resolution is required as, immediately following completion of the Acquisition (as described below), Integral Diagnostics Limited will be a holding company of each member of the Target Group (as described below).

Debt Financing Arrangements

The Company and certain of its subsidiaries are or may in the future become party to debt financing arrangements. Pursuant to the terms of the debt financing arrangements, the Company and certain of its other subsidiaries have or will in the future have access to debt facilities (including, amongst other things, cash advance facilities, bank guarantee/letter of credit facilities and transactional banking facilities), equipment leasing or hiring arrangements and hedging arrangements (together, the **Facilities**).

The debt financing arrangements are currently governed by, amongst other documents:

- a common terms deed dated 13 December 2018 (**CTD**);
- each 'Facility Agreement' (as defined in the CTD) (each a **Facility Agreement**);
- a security trust deed dated 13 December 2018 (**Security Trust Deed**); and
- each other 'Finance Document' (as defined in the CTD),

(together, the **Finance Documents**).

The Finance Documents contain, amongst other things, guarantees and indemnities in respect of the payment and other obligations under the Finance Documents and undertakings, representations, warranties and events of default consistent with financing arrangements of this nature or as required by the financiers.

In addition, the Company and certain of its subsidiaries have provided security over some or all of their assets and undertaking to a security trustee (the **Security Trustee**) to hold on trust for the 'beneficiaries' under the Security Trust Deed. Those 'beneficiaries' include the financiers under the Facilities and the Finance Documents.

Acquisition

Integral Diagnostics No.1 Pty Ltd ACN 635 711 849 (formerly known as A.C.N. 635 711 849 and a wholly-owned subsidiary of the Company) (the **Purchaser**) has agreed to acquire the entire issued share capital of Imaging Queensland Pty Ltd ACN 151 834 061, Queensland Nuclear Medicine Pty Ltd ACN 151 834 089, Radiology 24/7 Pty Ltd ACN 608 685 669 and Imaging Queensland IP Pty Ltd ACN 158 522 215 as well as the assets of Kawana Imaging Pty Ltd (ACN 123 691 525) as trustee for the Kawana Imaging Holding Trust ABN 15 137 578 522 (including its 50% interest in Advanced Women's Imaging Pty Ltd ACN 141 346 894 (**AWI**)) and the remaining 50% of the shares in AWI from Floribunda Imaging Pty Ltd ACN 140 244 668 (the **Acquisition**).

Each company referred to above whose shares are being acquired is a **Target Company**. The Target Companies and each of their respective subsidiaries from time to time are the **Target Group**.

Following the Acquisition, each Target Company will become a wholly-owned subsidiary of the Company.

The upfront consideration payable in connection with the Acquisition will be partly funded with the proceeds of loans under the Facilities. Any earn out payments which may in the future become payable by the Purchaser in connection with the Acquisition may also be funded with the proceeds of loans under the Facilities.

Proposed Financial Assistance

Under the terms of the CTD, it is a requirement that, following the completion of the Acquisition, all or some of the members of the Target Group become:

- a. an obligor under the CTD, by executing an accession letter under the CTD; and
- b. a security provider under the Security Trust Deed, by executing an accession deed under the Security Trust Deed.

Upon execution of each of the accession deeds or letters referred to above, the relevant members of the Target Group will (amongst other things) become bound by the guarantees, indemnities and undertakings and give the representations and warranties in the CTD and the Security Trust Deed.

In addition, it is proposed that all or some members of the Target Group grant security over their assets and undertaking to the Security Trustee to hold on trust for the 'beneficiaries' under the Security Trust Deed. The security will, amongst other things, secure the obligations of all borrowers and guarantors under the CTD and the other Finance Documents.

In addition, certain members of the Target Group may, or may be required to:

- borrow amounts under the Finance Documents or incur other indebtedness under the Finance Documents;
- make available directly or indirectly their cash flows (whether through dividends, capital distributions, intercompany loans or otherwise) or other resources in order to enable the Company or its other subsidiaries to comply with their payment and other obligations under the Finance Documents;
- consent or agree to amendments to the Finance Documents or enter into other Finance Documents;
- provide additional support which may include incurring additional obligations and/or providing additional guarantees, mortgages and/or charges; and/or
- provide other financial assistance in connection with the Acquisition including, without limitation, in connection with any refinancing.

Corporations Act Requirements

The entry by the members of the Target Group into, and the performance by each member of the Target Group of its rights and obligations under, the documents described above and the participation by the members of the Target Group in the funding arrangements and other transactions, all as described above, constitutes the giving of financial assistance in connection with the Acquisition, within the meaning of section 260A(1) of the Corporations Act.

Pursuant to section 260B(2) of the Corporations Act, it is proposed that the giving of the financial assistance by the members of the Target Group be approved by the shareholders of the Company.

In addition, approval under section 260B(1) of the Corporations Act will be separately sought from the shareholders of each relevant member of the Target Group following completion of the Acquisition.

Reason for the Proposed Financial Assistance

The reason for the giving of the financial assistance described above is to enable the Company and its other subsidiaries to comply with its obligations under the CTD and the other Finance Documents. If such obligations are not complied with an 'Event of Default' will occur under the Finance Documents and the funding under the Finance Documents may be required to be repaid.

Effect of the Proposed Financial Assistance

The substantial effect of the financial assistance described above on each member of the Target Group is that they will have guaranteed all amounts payable under the Finance Document and granted security for such obligations over its assets and undertaking. In addition, their operations will be restricted by the representations, warranties and undertakings given by them under the Finance Documents.

As the Company and certain of its subsidiaries are already liable for amounts payable under the Finance Documents, the giving of the financial assistance described above by the Target Group is unlikely to have any adverse effect on the Company and the directors of the Company do not believe there are any disadvantages to the Company of the proposed resolution.

The advantage to the Company of the proposed resolution is that the Company and its other subsidiaries will be able to comply with its obligations under the CTD and the other Finance Documents. This will avoid an 'Event of Default' occurring under the CTD. If an 'Event of Default' occurred, the financiers may require immediate repayment of the amounts outstanding under the Finance Documents and the Security Trustee may be able to enforce the security it holds over the assets of the Company and its subsidiaries.

Notice to ASIC

As required by section 260B(5) of the Corporations Act, copies of the notice of meeting and this Explanatory Memorandum as sent to the shareholders were lodged with the Australian Securities & Investments Commission prior to their dispatch to the shareholders.

Other Relevant Information

The directors consider that this section contains all information known to the Company that would be material to the shareholders in deciding how to vote on the Item 7, proposed resolution other than information which it would be unreasonable to require the Company to include because it has been previously disclosed to the shareholders of the Company.

Recommendation

The Board unanimously recommends that shareholders vote in favour of this resolution to provide financial assistance.



Integral Diagnostics Limited
ABN 55 130 832 816

IDX

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



Need assistance?



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



Online:
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **9.00am (Melbourne time) on Sunday 17 November 2019.**

Proxy Form

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 or abstain as they choose (to the extent permitted by law). 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 FOR POSTAL FORMS

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

If you are attending in person, please bring this form with you to assist registration.

Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999
SRN/HIN: I999999999
PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

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

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



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 Integral Diagnostics Limited 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 Integral Diagnostics Limited to be held at the office of PricewaterhouseCoopers located at Level 19, 2 Riverside Quay, Southbank, Victoria 3006 on Tuesday 19 November 2019 at 9.00am (Melbourne time) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 4 and 5 (except where I/we have indicated a different voting intention in step 2) even though Items 4 and 5 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 4 and 5 by marking the appropriate box in step 2.

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
Item 2 Re-election of Mr John Atkin as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Election of Dr Jacqueline Milne as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5 Approval of long-term incentive grant of FY20 rights to the Managing Director/Chief Executive Officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6 Ratification of share issue - Radiologist Share Loan Scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 7 Approval of Financial Assistance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1 Securityholder 2 Securityholder 3 / /
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

Update your communication details (Optional)

Mobile Number Email Address By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

