

Eastland Medical Systems Ltd
ACN 090 987 250

**RIGHTS ISSUE
OFFER DOCUMENT**

For a non-renounceable pro rata offer of New Shares at an issue price of \$0.10 each on the basis of One (1) New Share together with one (1) free attaching Listed Option (EMSO) exercisable at \$0.20 before the 31st May 2011 for every eight (8) Shares held at the Record Date.

The last date for acceptance and payment in full is 5.00pm (AWDT) 9th February 2009

If you are an Eligible Shareholder, this is an important document that requires your immediate attention. It should be read in its entirety. If, after reading this document, you have any questions about the securities being offered under it or any other matter; you should contact your stockbroker, solicitor, accountant or other professional adviser

IMPORTANT NOTICES

This Offer Document is dated 2nd January 2009. This Offer is being made without a prospectus in accordance with section 708AA of the Corporations Act. This Offer Document is not a prospectus or any other form of disclosure document regulated by the Corporations Act and has not been lodged with ASIC. Accordingly, this Offer Document does not contain all of the information which a prospective investor may require to make a decision whether to subscribe for New Shares and it does not contain all of the information which would otherwise be required by Australian law or any other law to be disclosed in a prospectus. Announcements made by Eastland to Australian Securities Exchange (ASX) are available from the ASX website www.asx.com.au. The information in this Offer Document does not constitute a recommendation to acquire New Shares or financial product advice.

This Offer Document is important and should be read in its entirety before deciding whether to participate in the Offer. This Offer Document has been prepared without taking into account the investment objectives, financial or taxation situation or particular needs of any Applicant. Before applying for New Shares, you should consider whether such an investment is appropriate to your particular needs, considering your individual risk profile for speculative investments, investment objectives and individual financial circumstances. If you are in any doubt about the Offer or the contents of this Offer Document, you should consult your stockbroker, solicitor, accountant or other professional adviser without delay. You should note that the past Share price performance of the Company provides no guidance to its future Share price performance.

By returning an Entitlement and Acceptance Form or lodging an Entitlement and Acceptance Form with your stockbroker or otherwise arranging for payment for your New Shares in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have received and read this Offer Document, you have acted in accordance with the terms of the Offer detailed in this Offer Document, you agree to all of the terms and conditions as detailed in this Offer Document and you have made your own enquires and assessment as to the assets, liabilities, financial position, profit and losses and prospects of the Company and the rights attaching to New Shares.

Offering restrictions

This Offer Document has been prepared to comply with the requirements of the laws of Australia. No action has been taken to register this Offer Document in any jurisdiction outside Australia and New Zealand, or to otherwise permit a public offering of Rights or Shares in any jurisdiction outside Australia and New Zealand. The Offer is not being extended to any Shareholder whose registered address is outside of Australia or New Zealand. Any failure to comply with foreign legal restrictions in connection with the Offer may constitute a violation of applicable securities laws, and persons who receive this Offer Document should seek advice on and observe any such restrictions. This Offer Document does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

Future performance

Neither Eastland nor any other person warrants or guarantees the future performance of the New Shares or any return on any investment made pursuant to the Rights Issue.

Eastland's current expectations about future events are, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of Eastland and its Directors, which could cause actual results, performance or achievements to differ materially from future results. Investors should specifically refer to section 4, 'Risk factors', which refers to some but not all of the matters that may cause actual results to differ.

Definitions, currency and time

Definitions of certain terms used in this Offer Document are contained in section 6. All references to currency are to Australian dollars and all references to time are to AWST, unless otherwise indicated.

Governing law

This Offer Document, the Offer and the contracts formed on acceptance of the Applications are governed by the laws applicable in Western Australia. Each Applicant submits to the exclusive jurisdiction of the courts of Western Australia.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation in connection with the Offer not contained in the Offer Document may not be relied upon as having been authorised by the Company or any of its officers.

Enquiries

If you have any questions in relation to the Rights Issue, please contact your stockbroker, solicitor, accountant or financial adviser. If you have any queries about your Entitlement please contact the Share Registry on the number:

Advanced Share Registry Ltd
Telephone: 08 9389 8033
Outside Australia: + 61 8 9389 8033
Facsimile: + 61 8 9389 7871

Privacy

As a Shareholder, Eastland and the Share Registry have already collected certain personal information from you. If you apply for New Shares, Eastland and the Share Registry may update your personal information or collect additional personal information. Such information will be used to assess your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration. Company and tax law requires some of the information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, if at all.

Eastland and the Share Registry may disclose your personal information for purposes related to your shareholding to their agents and service providers as authorised under the Privacy Act. Under the Privacy Act, you may request access to your personal information held by (or on behalf of) Eastland or the Share Registry. If Eastland's or the Share Registry's record of your personal information is incorrect or out of date, it is important that you contact the Share Registry so that your records can be corrected.

Eastland Medical Systems Ltd

Message from the Chairman

2nd January 2009

Dear Shareholder

INVITATION TO PARTICIPATE IN A NON-RENOUCEABLE RIGHTS ISSUE

As announced on 2nd January 2009, the Board of Directors of Eastland Medical Systems Ltd (**Eastland**) has approved the terms of a non-renounceable rights issue. The Rights Issue entitles Eligible Shareholders of Eastland, irrespective of the size of their shareholding, an opportunity to purchase one fully paid ordinary share with one free attaching Listed Option (EMSO) excisable at \$0.20 before 31 May 2011, in the Company (**New Share**) at \$0.10 per Share for every 8 ordinary share held at the Record Date (**Offer**).

The purpose of the Offer is to provide an opportunity for all Eligible Shareholders to increase their shareholding in Eastland at a cost of \$0.10 per Share. The Directors believe this approach will strike the right balance between meeting the capital needs of Eastland and fairness to existing shareholders.

Eastland is undertaking the Rights Issue to strengthen its financial position prior to commencing the final step in its ArTiMist™ anti malaria sublingual treatment project being Phase III clinical field trials. The commitment by the Company to this project has been significant.

With this non-renounceable Rights Issue, we look to raise approximately \$2.49 million and those funds will be applied by the company to move the ArTiMist project to commercialisation and improve the financial position of the Company during these uniquely challenging financial and economic times.

Details of the Offer are set out in this Offer Document and the Entitlement and Acceptance Form. Please read this document carefully before deciding whether to take up your entitlement under the Offer. The directors reserve the right to issue the shortfall at their discretion within 3 months after the close of the offer.

Please read the instructions in this document and attached Entitlement and Acceptance Form regarding the acceptance of your Entitlement.

On behalf of the Board, I commend this Offer to you and look forward to your continued investment in the Company. I thank you for your ongoing support as a Shareholder of the Company.

Yours faithfully



Peter Jooste QC
Chairman

Key dates

Event	Date
Offer Document and section 708AA lodged with ASX	2 January 2009
Shares quoted on an 'ex' Entitlement basis	6 January 2009
Record date for determining Entitlement	5.00pm on 12 January 2009
Offer Document and acceptance forms dispatched to Eligible Shareholders	16 January 2009
Offer Opening Date	16 January 2009
Offer Closing Date	9 February 2009
New share quoted on ASX on a deferred settlement basis	10 February 2009
Allotment of New Shares under the Offer	16 February 2009
Despatch of holding statements	17 February 2009
Trading on ASX of New Shares on a normal settlement basis	18 February 2009

These dates are subject to change and are indicative only. Eastland reserves the right to amend this Timetable including, subject to the Corporations Act and the Listing Rules, to extend the closing date, and Eastland reserves the right to withdraw the Offer at any time before the allotment and issue of New Shares in its absolute discretion.

Key Offer Statistics

Issue Price per New Share	\$0.10 per New Share
Entitlement	One New Share and One free Listed Option (EMSO) for every 8 Shares held at 5.00pm AWDT on the Record Date
Number of New Shares offered under the Rights Issue	Approximately 24,908,974
Number of New Listed Options offered under the Rights Issue	Approximately 24,908,974
Amount to be raised under the Rights Issue	Up to \$2,490,897
Maximum number of Shares on issue at the completion of the Offer	224,180,763

1 Key information

Offer

- 1.1 This Offer Document contains an Offer of New Shares in Eastland under a non-renounceable Rights Issue. Under the Offer, Eligible Shareholders are entitled to subscribe for one (1) New Share with one (1) free attaching Listed Option (EMSO) for every eight (8) Share held on the Record Date, at an Issue Price of \$0.10 each, subject to the terms of this Offer Document.
- 1.2 The Offer opens on 16 January 2009 and closes at 5.00pm AWDT on 9 February 2009. Valid acceptances must be received by 5.00pm AWDT on 9 February 2009.
- 1.3 The New Shares will be fully paid and will rank equally with Eastland's existing Shares and Listed Options will rank equally with existing Listed Options on issue at the date of allotment. Details of the Offer are set out in full in section 2.

Rights Trading

- 1.4 The Offer is non-renounceable which means that Eligible Shareholders cannot transfer their rights to subscribe for New Shares and Listed Options under the Offer to anyone else. The directors reserve the right to issue the shortfall at their discretion within 3 months after the close of the offer.

Price of Shares under the Offer

- 1.5 The issue price of \$0.10 per Share.

Underwriting

- 1.6 The Offer is not underwritten.

What you need to do

- 1.7 The number of New Shares to which you are entitled (**Entitlement**) is shown on the accompanying Entitlement and Acceptance Form. Eligible Shareholders may:
 - 1.7.1 take up all of the Entitlement in full (refer section 3.2);
 - 1.7.2 take up part of the Entitlement and allow the balance to lapse (refer section 3.4);
 - 1.7.3 allow all of the Entitlement to lapse (refer section 3.3).
- 1.8 Please see section 3 for detailed instructions of what you need to do in order to take up your Entitlement.

Purpose of the Offer and use of proceeds

- 1.9 The Offer will result in up to 24,908,974 New Shares and 24,908,974 Listed Options being issued, raising up to \$2,490,897 (before the costs of the Offer) if fully subscribed.
- 1.10 The Company intends to apply the net proceeds of the Offer towards its working capital to progress the Phase III clinical trial of its ArTiMist™ anti malaria project.

Effects of the Offer on the capital structure of Eastland

- 1.11 There are 199,271,789 Shares on issue and 47,586,231 Listed Options as at the date of this Offer Document. After the issue of the New Shares and Options under the Offer there will be a maximum of 224,180,763 Shares and 72,495,205 Listed Options on issue assuming full take up of the 24,908,974 shares under the Placement and full take up of entitlements under the Rights Issue.

Risk factors

- 1.12 Any investment in Eastland involves general risks associated with an investment of shares listed on ASX. The price of the New Shares may rise or fall. There are also a number of risk factors, both specific to Eastland and of a general nature, which may affect the future operating and financial performance of Eastland and the value of an investment in Eastland. Applicants should consider an investment in Eastland as highly speculative and should consult their financial adviser before applying for New Shares. These specific risks include:
- 1.12.1 financial position;
 - 1.12.2 unfavorable economic conditions;
 - 1.12.3 uncertainty of future profitability;
 - 1.12.4 management of growth;
 - 1.12.5 the outcomes of Phase III clinical trials;
 - 1.12.6 reliance on key management and need to attract qualified staff;
 - 1.12.7 industry risks and competition;
 - 1.12.8 development and commercialisation of pharmaceutical products;
 - 1.12.9 interest rates;
 - 1.12.10 marketing risks;
 - 1.12.11 risk of product liability and uninsured risk;
 - 1.12.12 loss of key clients and business partners.
- 1.13 There is a further detailed discussion of risks in section 4. Before deciding to invest in New Shares, Eligible Shareholders should consider all risk factors carefully.

2 Details of the Offer

The Offer

- 2.1 Eastland is making a pro rata non-renounceable rights issue offering Eligible Shareholders one (1) New Share with one (1) free attaching Listed Option (EMSO) exercisable at \$0.20 before 31 May 2011 for every eight (8) Share they hold on the Record Date, being 5.00pm AWDT on 12 January 2009. The Issue Price of \$0.10 per New Share is payable in full on application
- 2.2 The number of New Shares to which you are entitled (**Entitlement**) is shown on the accompanying Entitlement and Acceptance Form
- 2.3 The Company has 199,271,789 Shares and 47,586,231 Listed Options on issue as at the date of this Offer Document. Approximately 24,908,974 New Shares and 24,908,974 Listed Options will be offered to Eligible Shareholders under the Offer to raise up to \$2,490,897.

Opening and Closing Dates

- 2.4 The Offer will open for receipt of acceptances on 16 January 2009. The Closing Date and time for acceptances and payments is 5.00pm AWDT on 9 February 2009, subject to Eastland varying those dates in accordance with the Corporations Act and the Listing Rules.

Who is entitled to participate in the Offer?

- 2.5 The right to participate in the Offer is available exclusively to Each Eligible Shareholder who is registered as the holder of Shares at 5.00 pm (AWDT) on the Record Date and whose registered address is in Australia or New Zealand.
- The number of New Shares and attaching Options to which you are entitled is shown on your Entitlement and Acceptance Form accompanying this Offer Document. In determining Entitlements, any fractional entitlements have been rounded up to the nearest whole number of Shares
- As a result of this Offer, Shareholders who do not take up all of their Entitlement will have their percentage shareholding in the Company diluted.

Price of New Shares under the Offer

- 2.6 The issue price under the Offer is \$0.10 per Share.
- 2.7 Eligible Shareholders should note that the market price of Shares in Eastland may rise or fall between the date of the Offer and the date that any Shares are allotted to you as a result of your acceptance of the Offer. This means that the subscription price you pay for the Shares may exceed the market price of the Shares at the date of allotment of the Shares. The Board recommends that you obtain your own financial advice in relation to the Offer and consider price movements of the Shares in Eastland prior to accepting the Offer

No Rights trading

- 2.8 The offer is non-renounceable. This means that Eligible Shareholders who do not wish to take up all or some of their Entitlement may not sell or transfer their rights to the Entitlement (Rights) and will form part of the shortfall. The directors reserve the right to issue the shortfall at their discretion within 3 months after the close of the offer.

Issue of New Shares and refund of Application Monies

- 2.9 Eastland expects that the New Shares will be issued by 16 February 2009 and holding statements will be dispatched on 17 February 2009. Issues of New Shares and free attaching Listed Options under this Offer will only be made after approval for their quotation on ASX has been granted.
- 2.10 Application Monies will be held by Eastland in a subscription account on behalf of each Eligible Shareholder who has applied for New Shares under the Offer until the New Shares are issued. If the offer is withdrawn and New Shares are not issued, the Application Monies will be refunded to those Eligible Shareholders who applied for New Shares under the Offer as soon as reasonably practicable.

Interest earned on the Application Monies will be for the benefit of Eastland and will be retained by Eastland irrespective of whether New Shares are issued.

Distribution restrictions and treatment of foreign Shareholders

- 2.11 This Offer does not constitute an offer or invitation to subscribe for New Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue this Offer Document.
- 2.12 In accordance with the Listing Rules, Entitlement and Acceptance Forms are not being sent to Non-Participating Shareholders. It is the responsibility of any Shareholder outside Australia or New Zealand to ensure compliance with the laws of any country relevant to their Application.
- 2.13 No action has been taken to register or qualify the Offer in any jurisdiction outside Australia and New Zealand. Eligible Shareholders who reside outside of Australia and New Zealand should consult their professional advisers as to whether, in order to enable them to take up their Rights, any governmental or other consents are required or other formalities need to be observed.

Eligible Shareholders holding Shares on behalf of persons who are resident outside Australia and New Zealand (including nominees, custodians and trustees) are responsible for ensuring that any dealing with their Rights and any New Shares issued do not breach the laws and regulations in the relevant overseas jurisdiction, and should seek independent professional advice and observe any applicable restrictions relating to the taking up of Rights or the distribution of this Offer Document or the Entitlement and Acceptance Form. The making of an application (whether by the return of a duly completed Entitlement and Acceptance Form) will constitute a representation that there has been no breach of such laws or regulations. Shareholders who are nominees, custodians or trustees are therefore advised to seek independent advice as to how they should proceed.

Excluded Shareholders

- 2.14 If you have any enquiries in relation to the Entitlement and Acceptance Form or your Entitlement, Please contact the Company's share registry, Advance Share Registry Ltd (Share Registry) by Telephone on 08 9389 8033 (within Australia) or +61 8 9389 8033 (outside Australia) or by facsimile on +61 8 9389 7871, the Company Secretary by telephone on +61 8 9436 9500 or consult your professional adviser.

3 Actions required by Shareholders

- 3.1 Acceptance of the Offer must be made by Eligible Shareholders on the Entitlement and Acceptance Form accompanying this Offer Document and must not exceed the Entitlement as shown on that form. The Directors reserve the right to reject any Entitlement and Acceptance Form for New Shares that are not made in accordance with the terms of this Offer Document or the instructions on the Entitlement and Acceptance Form or received after the closing date.

An Application for your Entitlement may be for any number of New Shares, but must not exceed your Entitlement as shown on the Form. If it does, your Application will be deemed to be for your full Entitlement and any balance of Application Monies will be returned to you (without interest).

Taking up all of your Entitlement

- 3.2 If you wish to take up all of your Entitlement, complete the Entitlement and Acceptance Form in accordance with the instructions set out on the reverse of that form and arrange for payment of the Application Money in accordance with Section 3.5.

Allow all or part of your Entitlement to lapse

- 3.3 If you decide not to accept all or part of your Entitlement to New Shares, or fail to accept by the Closing Date, your Entitlement will lapse. The New Shares not subscribed for will form part of the Shortfall. You cannot sell or transfer your Entitlement to another person. The directors reserve the right to issue the shortfall at their discretion within 3 months after the close of the offer.

If you do nothing, although you will continue to own the same number of Shares, your shareholding in Eastland will be diluted because the issue of New Shares will increase the total number of Shares on issue.

Taking up part of your Entitlement and allowing the balance to lapse

- 3.4 If you wish to take up part of your Entitlement under the Offer and allow the balance to lapse, please complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up in accordance with the instructions set out on the reverse of that form and arrange for payment of the applicable amount of Application Money in accordance with Section 3.5. If you take no further action, the balance of your Entitlement will lapse, and form part of the shortfall.

Payment and return of Entitlement and Acceptance Form

- 3.5 You may pay the Application Money by cheque, Credit Card (Bankcard, Visa or MasterCard), money order or bank draft. Those who elect to pay by Credit Card need to complete the relevant section "*Credit Card Authorisation*" on the Entitlement and Acceptance Form.

Those who elect to pay by cheque, money order or bank draft must follow the instructions described in the Entitlement and Acceptance Form. You must ensure that:

- (a) your Entitlement and Acceptance Form is complete;
- (b) your cheque, money order or bank draft for the applicable amount of Application Money must be made in Australian currency, drawn on an Australian branch of a financial institution, be made payable to "Eastland Medical Systems Ltd" and crossed "Not Negotiable";
- (c) your completed Entitlement and Acceptance Form and cheque, money order or bank draft is received by the Company by no later than 5.00 pm (AWDT) on 9 February 2009 at:

Eastland Medical Systems Ltd,
Advanced Share Registry Ltd,
Post Office Box 1156,
Nedlands. W.A. 6909

Risk factors

Activities in the Company and its controlled entities, as in any business, are subject to risks which may impact on the Company's future performance. Prior to deciding whether to take up their Entitlement, Shareholders should read the entire Offer Document and review announcements made by the Company to ASX (at www.asx.com.au under the code "EMS") in order to gain an appreciation of the Company, its activities, operations, financial position and prospects.

Shareholders should also consider the following summary risk factors which the Directors believe represent some of the general and specific risks that Shareholders should be aware of when evaluating the Company and deciding whether to increase their shareholding in the Company. The following risk factors are not intended to be an exhaustive list of all of the risk factors to which the Company is exposed.

Phase III clinical trial outcomes

There can be no assurance that the forthcoming Phase III trial will provide for a positive outcome as the last step prior to the Company obtaining market entry approval for individual countries. The Company believes that it has managed the risk profile of this project, as the treatment known as ArTiMist is based on proven treatments which are delivered to a patent via alternative methods, such as IV, tablet or suppository. ArTiMist uses a sublingual route into the body and this method has been proven as been superior to tablet through the data that forms the Phase I trial. The Company envisages that adequate steps will be taken to minimise risk, there is a possibility of a material adverse impact on the Company's operations and its financial results.

Stock market conditions

As with all stock market investments, there are risks associated with an investment in the Company. Share prices may rise or fall and the price of Shares might trade below or above the issue price for the New Shares.

General factors that may affect the market price of Shares include economic conditions in both Australia and internationally, investor sentiment and local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

Key personnel

Recruiting and retaining qualified personnel are important to the Company's success. The number of persons skilled in the medical and pharmaceutical industries is limited and competition for such persons is competitive.

Future capital requirements

The Company may require further financing in the future, in addition to amounts raised pursuant to the Offer. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the current market price (or Offer price) or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and this could have a material adverse affect on the Company's activities and could affect the Company's ability to continue as a going concern.

Liquidity risk

There can be no guarantee that there will continue to be an active market for Shares or that the price of Shares will increase. There may be relatively few buyers or sellers of Shares on ASX at any given time. This may affect the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price paid under the Offer.

Investment risk

An investment in New Shares should be considered speculative. New Shares carry no guarantee with respect to the payment of any dividends, returns of capital or the market value of those New Shares.

5 Additional information

5.1 Effects of rounding and warning against share splitting

All Entitlements will be rounded up to the nearest whole number of New Shares. If the Company reasonably believes that a Shareholder has been a party to the splitting or division of a shareholding in an attempt to obtain an advantage from the rounding up of Entitlements, then the Company reserves the right to round the Entitlement of such holdings so as to provide only the number of New Shares that would have been received but for the splitting or division.

5.2 Tax

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under the Offer. The Company does not accept any responsibility in this regard, and Shareholders should consult with their professional tax adviser.

5.3 Privacy

The Entitlement and Acceptance Form requires you to provide information that may be person information for the purpose of the Privacy Act 1988 (Cth). The Company (and the Share Registry on its behalf) collects, holds and uses personal information in order to assess applications for New Shares, service the needs of Shareholders, provide facilities and services and to administer the Company.

Access to information may also be provided to the Company's related bodies corporate, agents and service providers, regulatory bodies, mail houses and the Share Registry. If you do not provide the information requested of you in the Entitlement and Acceptance Form, the Share Registry will not be able to process your application for New Shares or administer your holding of Shares appropriately.

5.4 Chess

Eastland® participates in the clearing house electronic sub-register system ("CHESS"), operated by ASX Settlement & Transfer Corporation Pty Ltd ("ASTC") (a wholly owned subsidiary of ASX), in accordance with the Listing Rules and SCH Business Rules. Eastland® operates an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together make up Eastland's principal register of securities.

Under CHESS, the Company does not issue certificates to investors. Therefore Qualifying Shareholders who acquire New Shares and Options will not receive a certificate but will receive an updated statement of their holdings that will include the number of New Shares and Options allotted to that Qualifying Shareholder under this Offer. The Statements will also advise Qualifying Shareholders of either their Holder Identification Number (HIN) in the case of the holding on the CHESS sub-register or Security Holding Reference Number (SRN) in the case of a holding on the issuer sponsored sub-register.

A statement will be routinely sent to holders at the end of any calendar month during which their holding changes. A holder may request a statement at any other time; however a charge may be incurred for additional statements.

Glossary

In this Offer Document:

\$ means Australian dollars, unless otherwise specified.

Applicant means a person who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form.

Application Money means the aggregate amount of money payable for New Shares applied for in a duly completed Entitlement and Acceptance Form.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 trading as the Australian Securities Exchange.

AWDT means Australian Western Daylight Time.

CHESS means ASX Clearing House Electronic Sub Registry System.

Closing Date the last day for payment and return of Entitlement and Acceptance Forms, being 5.00 pm (AWDT), 9th February 2009.

Company Secretary means the company secretary of the Company.

Directors mean the directors of the Company.

Eastland or Company means Eastland Medical Systems Ltd ACN 090 987 250.

Eligible Shareholder means a Shareholder at the Record Date who is not an Excluded Shareholder.

Entitlement means the number of New Shares that a Shareholder is entitled to apply for under the Offer, as determined by the number of Shares held by that Shareholder on the Record Date.

Entitlement and Acceptance Form means the Entitlement and Acceptance Form accompanying this Offer Document.

Excluded Shareholder means a Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand.

Listing Rules means the official listing rules of ASX.

New Share means a new Share to be issued under the Offer.

Official Quotation means "quotation" (as that term is used in the Listing Rules) of all of the New Shares on ASX when allotted which if conditional may only be conditional on customary pre-quotation conditions.

Record Date means 5.00 pm on 12th January 2009 or such other date as may be determined by the Directors.

Right means the right to subscribe for New Shares in accordance with an Entitlement under the Offer described in this Offer Document.

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

Shareholder means a holder of Shares.

Share Registry means Advance Share Registry Ltd ACN 127 175 946.

Shortfall means the number of New Shares offered under the Offer for which valid applications have not been received from Eligible Shareholders or the holders of Rights before the Closing Date. The directors reserve the right to issue the shortfall at their discretion within 3 months after the close of the offer.