

3 May 2010

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Dear Shareholder

### **Non-Renounceable Rights Issue**

I wish to advise that Fluorotechnics Limited (**Company**) announced yesterday a partially underwritten, non-renounceable 2:5 rights issue of fully paid ordinary shares at an issue price of \$0.15 per new share (**Rights Issue**).

The purpose of the rights issue will be to strengthen the Company's balance sheet and fund ongoing sales and marketing costs. On the basis that the Rights Issue is fully subscribed, it will raise approximately \$2,183,000.

A minimum amount of \$1,365,000 will be raised under the Rights issue. Major shareholder Hunter Hall Investment Management Limited will invest up to \$1.2 million by taking up its full entitlement (approx \$772,000) and also partly underwriting the Rights Issue (approx \$428,000). In addition, directors have also committed to take up entitlements totalling \$165,000.

Hunter Hall currently own approximately 35.4% of the shares in Company and as a result of the underwriting agreement, this ownership is likely to increase. For example, if Hunter Hall contribute their total underwritten commitments and no other shareholders take up any part of their entitlements, Hunter Hall will own approximately 47.0% of the shares in the Company after the Rights Issue has been completed.

No underwriting fees will be payable by the Company.

### **Business Progress**

On 6 April 2010 the Company announced that it expects sales revenue for the year ending 30 June 2010 to be approximately \$5 million (2008-2009: \$3.2 million). This is a shortfall against the prior revenue guidance of \$7-\$10 million and is primarily a result of a slower than expected growth rate of sales of our new HPE FlatTop system.

The lower growth rate in sales, in the main, is stemming from the longer than expected time it takes to complete the sales cycle for the new HPE FlatTop system. In many cases, this is directly linked to the time it is currently taking customers to obtain capital expenditure funding for our system.

Pleasingly, the level of interest being generated with customers for our HPE FlatTop system remains strong.

Since the launch of the HPE FlatTop system, customers have been almost universally impressed by the superior performance of the system and its ease of use. This is evidenced by the growing number of opinion leaders who have become customers and who are willing to recommend the system to other potential customers.

Success for the coming year will be about executing our sales plan for the HPE FlatTop system, selling of consumable products for use on this system, and the continued performance of our genomics operations.

Nevertheless, a risk remains that should losses continue and/or future capital raisings not be successful, the Company may not be able to continue.

### **Offer Document available online**

Full details of the Rights Issue are contained in the Rights Issue Offer Document (**Offer Document**) lodged with the ASX on 30 April 2010. The Offer Document, Cleansing Notice and the Appendix 3B are available on the ASX's company announcement platform at [www.asx.com.au](http://www.asx.com.au) and at [www.fluorotechnics.com](http://www.fluorotechnics.com).

### **Your Entitlement**

Only Fluorotechnics shareholders registered as of 7.00pm (Sydney time) on 10 May 2010 (**Record Date**) will be entitled to participate in the Rights Issue (**Eligible Shareholders**).

Eligible Shareholders may also elect to participate in the Shortfall Facility by applying for new shares in excess of their pro rata entitlement. The shortfall may also be placed with third parties at the Board's discretion

Due to costs and regulatory constraints, the Offer will only be available to Fluorotechnics' shareholders with a registered address in Australia or New Zealand. This approach is permissible under the ASX listing rules.

The Offer Document together with an Entitlement and Acceptance Form will be dispatched to all Eligible Shareholders no later than 12 May 2010.

### **How to Apply**

Application for new shares under the Rights Issue may only be made by lodging a completed Entitlement and Acceptance Form with the applicable application money by the close of the Rights Issue at 5.00pm (Sydney time) on 26 May 2010.

Shareholders eligible to participate in the Rights Issue should read the Offer Document carefully and consult their professional advisor before making any investment decision.

<b>Event</b>	<b>Date</b>
Announcement of Offer	30 April 2010
Lodgment of Appendix 3B, Offer Document and Cleansing Notice with ASX	30 April 2010
Dispatch of notices to Shareholders informing them of the Offer	3 May 2010
Shares quoted on ex-entitlement basis	4 May 2010
Record Date for determining Entitlements	7pm 10 May 2010
Offer opens - dispatch of Offer Document and Entitlement and Acceptance Form	12 May 2010
Offer Closing Date	5pm 26 May 2010
Shares quoted on deferred settlement basis	27 May 2010
Company notifies the ASX of under-subscriptions	31 May 2010
Dispatch of holding statements and allotment and issue of New Shares	3 June 2010
Trading of New Shares on ASX expected to commence	4 June 2010

This timetable is indicative only and subject to change. The Directors reserve the right to vary these dates, including the closing date, without prior notice, subject to the Listing Rules. Any extension of the closing date will have a consequential effect on the anticipated date for allotment and issue of the new shares.

If you have any questions, then please contact Ian Gilmour at [igilmour@fluorotechnics.com](mailto:igilmour@fluorotechnics.com) or +61 401 700 106.

For and on behalf of  
**Fluorotechnics Limited**



**Rick Taylor**  
**Non-Executive Chairman**