

17th March, 2006

Mr Scott Evans
General Manager
Stock Exchange of Newcastle Limited
Ground Floor
384 Hunter Street,
Newcastle NSW 2300

Dear Sir,

Cosmedics Australia Limited (NSX Code – CMA)

CMA is currently in the process of finalising the financial statements for the half year ended 31 December, 2005.

For a number of reasons the half year accounts were unable to be completed by the date required by the listing rules. Those reasons are:

- Very recent change in Company Secretary;
- Issues with and modifications required to the CMA accounting practices and systems;
- Assessment of the full impact of Australian equivalent of the International Financial Reporting Standards on CMA

In the Directors' deliberations regarding the lodgement of the half year accounts it was not considered either appropriate or prudent, given the impact of the reasons for the delay, to lodge accounts that had not been subject to appropriate review by the auditors, within the period required by the listing rules.

It was also considered not appropriate to provide a preliminary result as this result is still subject to the review and finalisation of a number of outstanding issues, including but not limited to, the finalisation of a review of the integrity of the company's accounting records, systems and the potential impact on the financial statements.

While the preference of the Directors is to comply with the listing rules and thus avoid suspension of the company's shares, in accordance with prudent practices, we request you maintain our suspension for a period of two weeks from this date. The period will allow the Directors to make all necessary decisions impacting on the company's half year financial statements and for the auditor to provide their opinion.

In respect of the Listing Rules, we note as follows:

- The reason for the request for the suspension extension is to allow the company sufficient time so that it can ensure the accuracy and impact of the issues noted above on the its half year statements.

- We expect the suspension to last no longer than 31 March, 2006, and possibly less if the accounts are completed and submitted earlier than that date;
- We expect the suspension to be lifted following an announcement about the half year results.

Yours Sincerely,
Cosmedics Australia Limited

Dr Bronte Douglass
Chairman