

25 August 2006

**Cosmedics Australia Limited: Acquisition of Australian Medical Imaging Pty Ltd**

Cosmedics Australia Limited ("CMA") is pleased to announce that a binding agreement was signed on 25 August 2006 to acquire the company Australian Medical Imaging Pty Ltd and its subsidiaries Australian Medical Imaging (North Shore) Pty Limited and Australian Medical Imaging (Chatswood) Pty Ltd ("AMI").

As previously announced, CMA will pay 110,000,000 fully paid ordinary shares in CMA to AMI's owners and the transaction is subject to due diligence, an independent experts report and shareholder approval. Shareholder approval will also be sought for a change in name to "Australian Medical Imaging Limited". The shares to be issued will be escrowed only to the extent of any escrow imposed by the Newcastle Stock Exchange. Dr. Douglass and Dr. Mitchell will remain on the board following settlement of the transaction.

AMI is currently conducting the first of its imaging centres at St. Leonards on Sydney's North Shore, adjacent to the Royal North Shore Hospital. This imaging centre includes a 'state of the art' 64 slice CT scanner along with a full range of other radiology equipment including a second CT scanner and 4D ultrasound. The 64 slice CT scanner is capable of providing virtual angiography and virtual colonoscopy.

The board of CMA believes that this acquisition will be of significant benefit to the company. It is proposed that CMA will hold a shareholders meeting on Friday 6 October 2006 and if, approved, the transaction will be completed in October 2006. An information memorandum and independent experts report will accompany the notice of meeting which is being prepared for shareholders and which will provide full details of the acquisition.

Yours Sincerely



Dr Bronte Douglass  
Chairman