FORM: Half yearly/preliminary final report

Name of *issuer*

Cosmedics Australia Limited

ACN or ARBN	Half yearly (tick)	Preliminary final (tick)	Half year/financial year ended ('Current period')
002 862 017		X	30 June 2006

For announcement to the market

Extracts from this statement for announcement to the market (see note 1).

				$A
Sales (or equivalent) operating revenue (item 1.1)	Down	9.75%		
		270,086	to	243,766
Operating profit (loss) before abnormal items and tax (item 1.4)	Down	66%		
		(4,371,343)	to	(1,482,347)
Abnormal items before tax (item 1.5)		gain (loss) of	to	N/A
Operating profit (loss) after tax but before outside equity interests (item 1.8)	Down	66%		
		(4,371,343)	to	(1,482,347)
Extraordinary items after tax attributable to members (item 1.13)		gain (loss) of	to	N/A
Operating profit (loss) and extraordinary items after tax attributable to members (item 1.16)	Down	66%		
		(4,371,343)	to	(1,482,347)
Exploration and evaluation expenditure incurred (item 5.2)	N/A	%	to	
Exploration and evaluation expenditure written off (item 5.3)	N/A	%	to	

Dividends Franking rate applicable		N/A		
Current period	¢	N/A	¢	N/A
Previous corresponding period	¢	¢	¢	¢

Record date for determining entitlements to the dividend, (in the case of a trust distribution) (see item 15.2)	N/A

Short details of any bonus or cash issue or other items(s) of importance not previously released to the market:

N/A

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Consolidated profit and loss account
(The figures are not equity accounted)

		Current period $A	Previous corresponding period $A
1.1	Sales (or equivalent operating) revenue	166,890	270,086
1.2	Other revenue	77,078	119
1.3	**Total revenue**	243,968	270,205
1.4	**Operating profit (loss) before abnormal items and tax**	(1,482,347)	(4,371,343)
1.5	Abnormal items before tax (detail in item 2.1)	-	-
1.6	Operating profit (loss) before tax (items 1.4 + 1.5)	(1,482,347)	(4,371,343)
1.7	Less tax	-	-
1.8	Operating profit (loss) after tax but before outside equity interests	(1,482,347)	(4,371,343)
1.9	Less outside equity interests	-	-
1.10	**Operating profit (loss) after tax attributable to members**	(1,482,347)	(4,371,343)
1.11	Extraordinary items after tax (detail in item 2.3	-	-
1.12	Less outside equity interests	-	-
1.13	Extraordinary items after tax attributable to members	-	-
1.14	**Total operating profit (loss) and extraordinary items after tax (items 1.8 1.11)**	(1,482,347)	(4,371,343)
1.15	Operating profit (loss) and extraordinary items after tax attributable to outside equity interests (items 1.9 .112)	-	-
1.16	**Operating profit (loss and extraordinary items after tax attributable to members** (items 1.10 +1.13)	(1,482,347)	(4,371,343) -
1.17	Retained profits (accumulated losses) at beginning of financial period	(6,761,253)	(2,389,909)
1.18	Aggregate of amounts transferred from reserves	-	-
1.19	Total available for appropriation (carried forward)	(8,243,600)	(6,761,253)
1.20	Total available for appropriation (brought forward)	(8,243,600)	(6,761,253)

Consolidated profit and loss account continued

1.21	Dividends provided for or paid	-	-
1.22	Aggregate or amounts transferred to reserves	-	-
1.23	**Retained profits (accumulated losses) at tend of financial period**	(8,243,600)	(6,761,253)

Abnormal and extraordinary items

		Consolidated - current period		
		Before tax $A	Related tax $A	After tax $A
2.1	Abnormal items	N/A	N/A	N/A
2.2	**Total abnormal items**			
2.3	Extraordinary items	N/A	N/A	N/A
2.4	**Total extraordinary items**			

Comparison of half year profits
(Preliminary final statement only)

		Current year - $A	Previous year - $A
3.1	Consolidated operating profit (loss) after tax attributable to members reported for the 1st half year (item 1.10 in the half yearly statement)	(4,371,343)	(418,723)
3.2	Consolidated operating profit (loss) after tax attributable to members for the 2nd half year	(1,482,347)	(347,885)

Consolidated balance sheet
(See note 5)

	Current assets	At end of current period $A	As shown in last annual report $A	As in last half yearly statement $A
4.1	Cash	(5,279)	16,192	30,691
4.2	Receivable	-	295,494	637
4.3	Investments	-	-	-
4.4	Inventories	44,649	44,649	194,649
4.5	Other (provide details if material)	-	2,891	3,047
4.6	**Total current assets**	39,370	359,226	229,024
	Non-current assets			
4.7	Receivables	-	-	
4.8	Investments	-	-	-
4.9	Inventories	-	-	-
4.10	Exploration and evaluation expenditure capitalised (see para .71 of AASB 1022)	-	-	-
4.11	Development properties (mining entities)	-	-	-
4.12	Other property, plant and equipment (net)	277,997	1,404,553	1,395,168
4.13	Intangibles (net)	636,519	2,174,109	486,519
4.14	Other (provide details if material)	4,149	4,149	4,149
4.15	**Total non-current assets**	918,665	3,582,811	1,885,836
4.16	**Total assets**	958,035	3,942,037	2,114,860
	Current liabilities			
4.17	Accounts payable	390,223	134,720	235,131
4.18	Borrowings	27,097	24,628	12,608
4.19	Provisions	7,447	-	-
4.20	Other (provide details if material)	36,621	20,899	28,735
4.21	**Total current liabilities**	461,388	180,247	276,474
	Non-current liabilities			
4.22	Accounts payable	140,024	159,832	107,772
4.23	Borrowings	61,265	62,165	62,165
4.24	Provisions	7,681	-	-
4.25	Other (provide details if material)	-	-	-
4.26	**Total non-current liabilities)**	208,970	221,997	169,937
4.27	**Total liabilities**	670,358	402,244	446,411
4.28	**Net assets**	287,677	3,539,793	1,668,449

Consolidated balance sheet continued

	Equity			
4.29	Capital	8,531,277	5,929,702	8,429,702
4.30	Reserves	-	-	-
4.31	Retained profits (accumulated losses)	(8,243,600)	(2,389,909)	(6,761,253)
4.32	Equity attributable to members of the parent entity	-	-	-
4.33	Outside equity interests in controlled entities	-	-	-
4.34	**Total equity**	287,677	3,539,793	1,668,449
4.35	Preference capital and related premium included as part of 4.31	-	-	-

Exploration and evaluation expenditure capitalised

To be completed only be issuers with mining interests if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit

		Current period $A	Previous corresponding period $A
5.1	Opening balance	N/A	N/A
5.2	Expenditure incurred during current period	N/A	N/A
5.3	Expenditure written off during current period	N/A	N/A
5.4	Acquisitions, disposals, revaluation increments, etc.	N/A	N/A
5.5	Expenditure transferred to Development Properties	N/A	N/A
5.6	**Closing balance as shown in the consolidated balance sheet** (item 4.9)	N/A	N/A

Development properties

(To be completed only by issuers with mining interests if amounts are material)

		Current period $A	Previous corresponding period $A
6.1	Opening balance	N/A	N/A
6.2	Expenditure incurred during current period	N/A	N/A
6.3	Expenditure transferred from exploration and evaluation	N/A	N/A
6.4	Expenditure written off during current period	N/A	N/A
6.5	Acquisitions, disposals, revaluation increments, etc.	N/A	N/A
6.6	Expenditure transferred to mine properties	N/A	N/A
6.7	**Closing balance as shown in the consolidated balance sheet (item 4.10)**	N/A	N/A

Consolidated statement of cash flows
(See note 6)

		Current period $A	Previous corresponding period $A
	Cash flows related to operating activities		
7.1	Receipts from customers	247,154	272,394
7.2	Payments to suppliers and employees	(318,976)	(545,295)
7.3	Dividends received	-	-
7.4	Interest and other items of similar nature received	202	119
7.5	Interest and other costs of finance paid	(22,622)	(28,140)
7.6	Income taxes paid	-	-
7.7	Other (Goods & Services Tax Refunded)	-	292,549
7.8	**Net operating cash flows**	(94,242)	(8,373)
	Cash flows related to investing activities		
7.9	Payments for purchases of property, plant and equipment	(920)	(1,271)
7.10	Proceeds from sale of property, plant and equipment	-	-
7.11	Payment for purchases of equity investments	-	-
7.12	Proceeds from sale of equity investments	-	-
7.13	Loans to other entities	-	-
7.14	Loans repaid by other entities	-	-
7.15	Other (provide details if material)	-	-
7.16	**Net investing cash flows**	(920)	(1,271)
	Cash flows related to financing activities		
7.17	Proceeds from issues of securities (shares, options, etc.)	13,350	-
7.18	Proceeds from borrowings	58,451	138,225
7.19	Repayment of borrowings	(12,609)	(114,082)
7.20	Dividends paid	-	-
7.21	Other (provide details if material)	-	-
7.22	**Net financing cash flows**	59,192	24,143
	Net increase (decrease) in cash held	(35,970)	14,499
7.23	Cash at beginning of period (*see Reconciliations of cash*)	30,691	16,192
7.24	Exchange rate adjustments to item 7.23	-	-
7.25	**Cash at end of period** (*see* Reconciliation of cash)	(5,279)	30,691

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

N/A

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current period $A	Previous corresponding period $A
8.1	Cash on hand and at bank	(5,279)	30,691
8.2	Deposits at call	-	-
8.3	Bank overdraft	-	-
8.4	Other (provide details)	-	-
8.5	Total cash at end of period (item 7.25)	(5,279)	30,691

Ratios		Current period	Previous corresponding period
	Profit before abnormals and tax/sales		
9.1	Consolidated operating profit (loss) before abnormal items and tax (items 1.4) as a percentage of sales revenue (items 1.1)	(608.00%)	(1,618.50%)
	Profit after tax/equity interests		
9.2	Consolidated operating profit (loss) after tax attributable to members (item 1.10) as a percentage of equity (similarly attributable) at the end of the period (item 4.34)	(515.00%)	(262.00%)

Earnings per *security* (EPS)

10.1	Calculation of basic, and fully diluted, EPS in accordance with AASB 1027: Earnings per Share		
	(a) Basic EPS	(2.24)	(8.03)
	(b) Diluted EPS (if materially different from (a)	(1.70)	(4.91)

NTA backing *(see note 7)*		Current period	Previous corresponding period
11.1	Net tangible asset backing per ordinary *security*	$0.000	$0.007

Details of specific receipts/outlays, revenues/expenses

		Current period A$	Previous corresponding period $A
12.1	Interest revenue included in determining items 1.4	202	119
12.2	Interest revenue included in item 12.1 but not yet received (if material)	-	-
12.3	Interest expense included in item 1.4 (include all forms of interest, lease finance charges, etc.)	22,622	28,140
12.4	Interest costs excluded from item 12.3 and capitalised in asset values (if material)	-	-
12.5	Outlays (excepts those arising from the acquisition of an existing business) capitalised in intangibles (if material)	-	-
12.6	Depreciation (excluding amortisation of intangibles)	4,326	4,240
12.7	Amortisation of intangibles	-	-

Control gained over entities having material effect
(*See note 8*)

13.1	Name of *issuer* (or *group*)	N/A
13.2	Consolidated operating profit (loss) and extraordinary items after tax of the *issuer* (or *group*) since the date in the current period on which control was acquired	N/A
13.3	Date from which such profit has been calculated	N/A
13.4	Operating profit (loss) and extraordinary items after tax of the *issuer* (or *group*) for the whole of the previous corresponding period	N/A

Loss of control of entities having material effect

(See note 8)

14.1	Name of entity (or *group*)	N/A
14.2	Consolidated operating profit (loss) and extraordinary items after tax of the entity (or *group*) for the current period to the date of loss of control	N/A
14.3	Date from which the profit (loss) in item 14.2 has been calculated	N/A
14.4	Consolidated operating profit (loss) and extraordinary items after tax of the entity (or *group*) while controlled during the whole of the previous corresponding period	N/A
14.5	Contribution to consolidated operating profit (loss) and extraordinary items from sale of interest leading to loss of control	N/A

Reports for industry and geographical segments

Information on the industry and geographical segments of the entity must be reported for the current period in accordance with AASB 1005: Financial Reporting by Segments. Because of the different structures employed by entities, a pro forma is not provided. Segment information should be completed separately and attached to this statement. However, the following is the personation adopted in the Appendices to AASB 1005 and indicates which amount should agree with items included elsewhere in this statement.

Segments

Operating Revenue

Sales to customers outside the economic entity

Inter-segment sales

Unallocated revenue

Total revenue (consolidated total equal to item 1.3)

Segment result (including abnormal items where relevant)

Unallocated expenses

Consolidated operating profit after tax (before equity accounting) (equal to item 1.8)

Segment assets)
Unallocated assets)
Total assets (equal to item 4.15))

Comparative data for segment assets should be as at the end of the previous corresponding period

Dividends

15.1	Date the dividend is payable	N/A
15.2	Record date to determine entitlements to the dividend (i.e. on the basis of registrable transfers received up to 5.00 pm)	N/A

18.3 Amount per *security* N/A

	Franking rate applicable			39%	36%	33%
	(Preliminary final statement only)					
15.4	**Final dividend:**	Current year	N/A	N/A	N/A	N/A
15.5		Previous year	N/A	N/A	N/A	N/A
	(Half yearly and preliminary final statements)					
15.6	**Interim dividend:**	Current year	N/A	N/A	N/A	N/A
15.7		Previous year	N/A	N/A	N/A	N/A

Total annual dividend (distribution) per *security*
(Preliminary final statement only)

		Current year	Previous year
15.8	Ordinary securities	N/A	N/A
15.9	Preference securities	N/A	N/A

Total dividend (distribution)

		Current period $A'000	Previous corresponding period - $A'000
15.10	Ordinary securities	N/A	N/A
15.11	Preference securities	N/A	N/A
15.12	**Total**	N/A	N/A

The *dividend or distribution plans* shown below are in operation.

N/A

The last date(s) for receipt of election notices to the *dividend or distribution plans*	N/A

Any other disclosures in relation to dividends (distributions)

N/A

Equity accounted associated entities and other material interests

Equity accounting information attributable to the to the economic entity's share of investments in associated entities must be disclosed in a separate notice. See AASB 1016: Disclosure of Information about Investments in Associated Companies.

	Investments in associated entities	Current period A$'000	Previous corresponding period A$'000
16.1	Statutory carrying value of investments in associated entities (SCV)	N/A	N/A
16.2	Share of associated entities' retained profits and reserves not included in SCV:	N/A	N/A
	Retained profits	N/A	N/A
	Reserves	N/A	N/A
16.3	**Equity carrying value of investments**	N/A	N/A

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities.

		Percentage of ownership interest (ordinary securities, units etc) held at end of period		Contributing to operating profits (loss) and extraordinary items after tax	
17.1	**Equity accounted associated entities**	Current period	Previous corresponding period	Current period	Previous corresponding period
				Equity accounted	
	N/A	N/A	N/A	N/A	N/A
17.2	**Other material interests**			*Not equity accounted (i.e. part of item 1.14)*	
	N/A	N/A	N/A	N/A	N/A

Issued and listed securities

Description includes rate of interest and any redemption or conversion rights together with prices and rates.

Category of securities		Number issued	Number listed	Par value (cents)	Paid-up value (cents)
18.1	**Preference securities** (*description*)	N/A			
18.2	Issued during current period	N/A			
18.3	**Ordinary securities**	65,315,016	65,315,016	20	20
18.4	Issued during current period	762,002	762,002	20	20
18.5	**Convertible *debt securities*** (*description and conversion factor*)				
18.6	issued during current period	N/A			
18.7	**Options** (*description and conversion factor*)			Exercise price $A	Expiry date
	31 December 2007	17,175,000	17,175,000	$0.1333	31/12/07
18.8	Issued during current period	-	-	-	-
18.9	Exercised during current period	-	N/A	N/A	N/A
18.10	Expired during current period	-	N/A	N/A	N/A
18.11	**Debentures** (*totals only*)	N/A			
18.12	**Unsecured Notes** (*totals only*)	N/A			

Comments by *directors*

Comments on the following matters are required by the Exchange or, in relation to the half yearly statement, by AASB 1029: Half-Year Accounts and Consolidated Accounts. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final statements, if there are no comments in a section, state NIL. If there is insufficient space in comment, attach notes to this statement.

Basis of accounts preparation

If this statement is a half yearly statement, it is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Half-Year Accounts and Consolidated Accounts. It should be read in conjunction with the last annual report and any announcements to the market made by the issuer during the period. [Delete if in applicable.]

Material factors affecting the revenues and expenses of the *issuer* for the current period

A decision was taken by the Directors with respect to the Half Year December 2005 accounts to reflect the impact of changes to accounting standards (AIFRS), and as such, there have been significant write downs in the items of goodwill, intangible assets and plant and equipment due to impairment of these assets. Additional AIFRS impairment to plant and equipment assets were identified in the 6 months to 30 June 2006 and consequently additional write downs have occurred.

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

N/A

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

N/A

Changes in accounting policies since the last annual report are disclosed as follows.
(Disclose changes in the half yearly statement in accordance with paragraph 15(c) of AASB 1029: Half-Year Accounts and Consolidated Accounts. Disclose changes in the preliminary final statement in accordance with AASB 101: Accounting Policies-Disclosure.)

N/A

Annual meeting
(Preliminary final statement only)

The annual meeting will be held as follows:

Place	To Be Announced
Date	To Be Announced
Time	To Be Announced
Approximate date the annual report will be available	29 September, 2006

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

Identify other standards used	N/A

2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.

3. This statement does/does not* *(delete one)* give a true and fair view of the matters disclosed (see note 2).

4. This statement is based on financial statements to which one of the following applies:

☐	The financial statements have been audited.	X	The financial statements have been subject to review by a registered auditor (or overseas equivalent).
☐	The financial statements are in the process of being audited or subject to review.	☐	The financial statements have *not* yet been audited or reviewed.

5. If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications are attached/will follow immediately they are available* (*delete one*). (*Half yearly statement only - the audit report must be attached to this statement if the statement is to satisfy the requirements of the Corporations Act.*)

6. The *issuer* does not have a formally constituted audit committee.

Sign here: ..... *Director* Date: 21 September 2006

Print name: Bronte Douglass