

cosmedics
australia limited
ABN 38 002 862 017

FIRST FLOOR, 219 BLAXLAND ROAD RYDE
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TELEPHONE : 9808 2444
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Monday October 30th, 2006

Company Announcements Office
Newcastle Stock Exchange
Newcastle NSW

For immediate release to the market

Please find enclosed the following:

- Notice of Annual General Meeting of Cosmedics Australia Limited to be held on Thursday the 30th of November 2006 at the offices of Cosmedics at Level 1, 219 Blaxland Road, Ryde, New South Wales.
- Chairman's letter to shareholders.
- Explanatory Statement and Proxy Form

These documents, along with the Annual Report, were mailed to shareholders today. The Annual Report has previously been lodged with the Newcastle Stock Exchange.

Yours faithfully,



Dr Bronte Douglass
Chairman

30 October 2006

Dear Shareholder,

Existing businesses

Since the 2005 Annual General Meeting Cosmedics has endeavoured to bring about the commercialisation of the Uni-Ject safety syringe. The financial requirements necessary to successfully relaunch the product were estimated to be in the region of \$5M-\$10M. Your Directors have realised that despite the company's efforts to raise funds for this commercialisation, success was impossible without the additional monies being unencumbered funds. Attempts to raise that funding, specifically into the competitive market for a safety syringe, have been unsuccessful. Aware of that fact, the decision was made by the Directors to seek an alternate viable future for the company. As announced previously, CMA has sold the assets necessary for the commercialisation of the Uni-Ject syringe.

CMA has continued to conduct the IPL business in 13 locations in Sydney and may seek to divest of this business if shareholders agree to the acquisition of AMI.

CMA will also seek to sell the SSH Medical Workstation business acquired from SSH Medical Limited if the shareholders agree to the acquisition of AMI.

As reported in previous information releases, Cosmedics has relied heavily on financial support of the Chairman Dr Bronte Douglass, and his Company as the major shareholder, to maintain a liquidity position that has enabled the company to remain viable.

Proposed acquisition of Australian Medical Imaging Pty Limited (AMI)

On June 8, 2006 it was announced that, subject to shareholder approval, Cosmedics would purchase the entire shareholding of Australian Medical Imaging in exchange for 110 million shares in CMA. This shareholding will effectively give the owners of AMI a 61.70% ownership in CMA. AMI has opened a modern radiology centre opposite the entrance to Sydney's Royal North Shore hospital and another one at Chatswood on Sydney's lower North Shore, providing state of the art imaging service. It is expected that AMI will open several of these centres in other parts of Australia. Further information on AMI will be found in the Independent Expert's Report that will accompany the Notice of Extraordinary General Meeting, to be held at a date to be advised, on completion of the independent experts report.

Overview of the enclosed Notice of Annual General Meeting

To bring the company's corporate "housekeeping" up to date, the business and the resolutions in the enclosed notice of meeting are designed to:

- Receive and consider the profit and loss account and balance sheet of the company and its controlled entities for the year ended 30 June 06, and the related Directors Report, Directors Declaration and Auditors Report.
- Adopt Directors' Remuneration report.
- Consider and, if thought fit, pass without modification the following ordinary resolution: "That Dr Robin Mitchell, a Director who retires in accordance with the Constitution of the Company and being eligible, offers himself for re-election, be re-elected as a Director of the Company."
- Approve a capital refresh for up to 15% of the currently issued shares and December 2007 options, to be allocated at the discretion of Directors for further expansion.

Proxy form

These approvals are an important step forward in the development of CMA. If you cannot attend the Annual General Meeting in person, you are encouraged to support the resolutions by completing and returning the enclosed Proxy Form in order to register your vote(s).

We look forward to seeing you at the Annual General Meeting on Thursday, 30th November, 2006.

Yours sincerely,



Dr Bronte Douglass
Chairman

NOTICE OF ANNUAL GENERAL MEETING

and

EXPLANATORY STATEMENT

and

PROXY FORM

Date of Meeting: Thursday 30th November 2006

Time of Meeting: 10.00 am

Place of Meeting: Cosmedics Australia Limited
Level 1, 219 Blaxland Road
Ryde NSW 2112

Please Note:

This notice of Annual General Meeting and
Explanatory Statement should be read in their
entirety.

If shareholders are in doubt as to how they should
vote, they should seek advice from their accountant,
solicitor or other professional adviser before voting.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of
Cosmedics Australia Limited ("CMA" or the "Company"), (ABN 38 002 862 017), will be held:

10am Thursday 30th November 2006 at Level 1, 219 Blaxland Road, Ryde NSW 2112

Terms used in this Notice, including the resolutions set out below, have the meanings ascribed to those terms in the Explanatory Statement which accompanies and forms part of this notice. The Notice of Annual General Meeting should be read in conjunction with the accompanying Explanatory Statement.

BUSINESS OF THE ANNUAL GENERAL MEETING:

A. ORDINARY BUSINESS

1. Financial Statements and Reports

To receive and consider the profit and loss account and balance sheet of the Company and its controlled entities for the year ended 30 June 2006 and the related Directors' Report, Directors' Declaration and Auditors' Report.

The Corporations Act 2001 and the Company's Constitution do not require that a vote of the Members be taken on the financial reports, or the reports of the Directors or Auditors. However Members will be given opportunity to raise any issues with, or ask questions of, the Directors or Auditor in relation to the reports or the business and operations of the Company at the Meeting.

2. Resolution 1- Remuneration Report

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That the Directors' Remuneration Report, as contained in the Directors' Report of the Company, for the year ended 30 June 2006 be adopted."

Please note that the vote on this resolution is advisory only and does not bind the Directors or the Company.

3. Resolution 2- Re-election as a Director

To consider and, if thought fit, pass without modification the following ordinary resolution:

"That Dr Robin Mitchell, a Director who retires in accordance with the Constitution of the Company and being eligible, offers himself for re-election, be re-elected as a Director of the Company."

4. Resolution 3- Capital Refresh

To consider and, if thought fit, pass the following ordinary resolution:

"That the Shareholders allow the Directors to allocate up to 15% of the Issued Capital of the Company and its December 2007 options, in satisfaction of any requirement that the Directors see as appropriate for the successful growth of the Company."

B. GENERAL BUSINESS

5. To transact any business which may legally be brought forward in accordance with the Constitution of the Company.

6. Questions and Comments by Members at the Meeting

In accordance with the Corporations Law and the Company's practice, a reasonable opportunity will be given to members at the meeting to ask questions about or to make comments on the management of the Company's affairs.



BY ORDER OF THE BOARD OF DIRECTORS

Bronte Douglass

CHAIRMAN

COSMEDICS AUSTRALIA LIMITED

30 October 2006

NOTES:

These Notes form part of the Notice of Annual General Meeting. The Notice of Annual General Meeting should be read in conjunction with the accompanying Explanatory Statement.

Who may vote Persons whose names are set out in the register of members of the Company as at 10am, Tuesday November 22nd 2006 are entitled to attend and vote at the meeting convened by this notice, in accordance with section 1074D of the Corporations Act 2001 (Cth) and the Company's Constitution.

Voting restrictions The Company will disregard any votes cast on Resolution 2 by Dr Robin Mitchell or any of his Associates.

Proxies- Appointment

A member of the Company who is entitled to attend and vote at the meeting has a right to appoint not more than 2 proxies to attend and vote for the Member at the meeting. Where a member appoints 2 proxies, the appointment may specify the proportion or number of votes which each proxy may exercise. If the appointment does not specify the proportion or number of the Member's votes each proxy may exercise, then each proxy may exercise half of those votes. A proxy need not be a Member of the Company.

Proxies- Lodgement To be valid, a proxy form must be received by the Company no less than 48 hours before the time scheduled for the commencement of the meeting ("Proxy Deadline"). Proxies may be submitted:

- (a) by post addressed to, or delivery to, the Company at Level 1, 219 Blaxland Road, Ryde NSW 2112 or PO Box 219, Ryde NSW 1680; or
- (b) by facsimile at (02) 9807 3000.

A proxy appointment must be signed by the Member or the Member's attorney. Where the appointment is signed by the appointor's attorney, a certified copy of the authority, or the authority itself, must be lodged with the Company in one of the above ways by the Proxy Deadline. If facsimile transmission is used, the authority must be certified.

Body Corporate Representative

A member of the Company who is a body corporate and who is entitled to attend and vote at the meeting, or by proxy who is a body corporate and who is appointed by a Member of the Company entitled to attend and vote at the meeting, may appoint a person to act as its representative at the meeting by providing that person with:

- (a) a letter or certificate, executed in accordance with the body corporate's constitution, authorising the person as the representative; or
- (b) a copy of the resolution, certified by the secretary or a director of the body corporate, appointing the representative.

The appointment must comply with the requirements of Section 250D of the Corporations Act 2001.

EXPLANATORY STATEMENT

This Explanatory Statement is given to Members in explanation of the Resolutions to be considered at the Annual General Meeting on 30 November 2006 at 10am and to assist Members in determining how they wish to vote on the Resolutions. This Explanatory Statement should be read in conjunction with, and forms part of the Notice of Meeting, which this Explanatory Statement accompanies.

If you are in doubt about the action you should take in relation to the Resolutions contemplated in this Explanatory Statement, you should consult your financial or other professional advisor immediately.

DETAIL OF AGENDA ITEMS

1. Financial Statements

Section 250R of the Corporations Act 2001 provides that the business of an annual general meeting of a company must include, among other matters, the consideration by the Members of the annual financial report, Director's report and Auditor's report.

Members have been provided with all relevant information concerning the Company's annual financial report and the reports of the Directors and Auditor in the Annual Report of the Company for the year ended 30 June 2006. A copy of the Annual Report has been forwarded to each Shareholder. A copy of the annual financial report and the reports of the Directors and Auditor will also be tabled at the Meeting.

Members should note that the sole purpose of tabling the annual report of the Company at the Annual General Meeting and those of the Directors and Auditor is to provide the Members with the opportunity to ask questions or discuss matters arising from the annual financial report and the management of the Company at the Meeting. It is not the purpose of the meeting, nor a requirement of the Corporations Act 2001 or the Constitution of the Company that the financial statements be accepted, rejected or modified in any way.

2. Remuneration Report

The Remuneration Report for the financial year ended 30 June 2006 is set out in the Report of the Directors on pages 4 and 5, 28 (Note 5(a)), 35 (Note 20 (i)(ii)) of the 2006 Annual Report.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting. Whilst the Corporations Act 2001 requires Resolution 1 to be put to the vote, the Resolution is advisory only and does not bind the Directors of the Company.

The board will take into account the outcome of the vote when reviewing its remuneration policy.

3. Re-Election of Director- (Resolution 2)

Dr Robin Mitchell retires in accordance with article 20.1 of the Company's Constitution and, being eligible, offers himself for re-election. Details of Dr Mitchell's experience are stated in the 2006 Annual Report accompanying this notice.

4. Capital Refresh- (Resolution 3)

To consider and, if thought fit, pass the following ordinary resolution: "That the Shareholders allow the Directors to allocate up to 15% of the Issued Capital of the Company and its December 2007 options to purchase shares, in satisfaction of any requirement that the Directors see as appropriate for the successful growth of the Company."



BY ORDER OF THE BOARD OF DIRECTORS

Bronte Douglass

CHAIRMAN

COSMEDICS AUSTRALIA LIMITED

30 October 2006

PROXY FORM

Cosmedics Australia Limited ABN 38 002 862 017 ("Company")

Appointment of Proxy

I/We,

being a member/s of the Company and entitled to attend and vote hereby appoint

☐

Chairperson
of the Meeting
(mark with an 'X')

OR

Write here the name of the person you are appointing if this person is **someone other than** the Chairperson of the Meeting.

or failing the person named, or if no person is named, the Chairperson of the Meeting, as my/our proxy to attend, to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit), and to act generally on my/our behalf, at the Annual General Meeting of the Company to be held at Level 1, 219 Blaxland Road, Ryde, New South Wales, 2112 on Thursday 30th November 2006 at 10.00am and at any adjournment of that meeting.

Voting directions to your proxy - please mark ☒ to indicate your directions

	For	Against	Abstain*
Resolution 1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* If you mark the Abstain box for a particular item, you are directing your proxy **not** to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Signature of Members

This section *must* be signed in accordance with the instructions herewith to enable your directions to be implemented,

Individual or Member 1

Sole Director and Sole Company Secretary
Sole Director(cross out inapplicable capacity)

Member 2 (if joint holding)

Director

Member 3(if joint holding)

Director/Company Secretary
(cross out inapplicable capacity)

Contact Name

Contact Daytime Telephone

Date

INSTRUCTIONS FOR COMPLETION OF PROXY FORM

1. Your Name and Address

This is your name and address as it appears in the register of members of Cosmedics Australia Limited ("**Company**"). If this information is incorrect, please mark the box and make the correction on the form. Members sponsored by a broker should advise their broker of any changes. **Please note you cannot change the ownership of your shares using this form.**

2. Appointment of Proxy

If you wish to appoint the Chairperson of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairperson of the Meeting, write the name of that person. A proxy may be an individual or a body corporate. If you leave this section blank or your named proxy does not attend the Meeting, the Chairperson of the Meeting will be your proxy. A proxy need not be a member of the Company.

3. Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form. To appoint a second proxy you must:

- (a) on each of the first Proxy Form and second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise one half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

4. Voting directions to your Proxy

You may direct your proxy how to vote on an item of business by placing a mark in one of the three boxes opposite that item of business. All of your shares will be voted in accordance with your direction unless you indicate a proportion of voting rights on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may decide whether or how to vote on that item. If you mark more than one box on an item, your vote on that item will be invalid.

5. Signature of Members

You must sign this form as follows in the spaces provided:

- | | |
|-------------------|--|
| Individual | where the holding is in one name, the member must sign. |
| Joint Holding | where the holding is in more than one name, all of the members must sign. |
| Power of Attorney | to sign under Power of Attorney, either the Power of Attorney must have already been lodged with the Company's Share Registry for notation or the original (or a certified copy) of the Power of Attorney must accompany this document. |
| Companies | the following person(s) must sign: <ul style="list-style-type: none">(a) Australian proprietary company with a sole director who is also the sole company secretary - that person;(b) Australian proprietary company with a sole director and no company secretary - that person;(c) other Australian companies - two directors or one director and one company secretary;(d) foreign company - in accordance with the laws of the jurisdiction of incorporation and constituent documents. |

6. Lodgement of Proxy

This proxy form (and the original or a certified copy of any power of attorney under which it is signed) must be received by the Company no less than 48 hours before the time scheduled for the commencement of the meeting ("**Proxy Deadline**"). Any proxy for received after that time will not be valid for the scheduled meeting. **Documents may be lodged:**

- by posting, delivery or facsimile to the Company at the address below:
Cosmedics Australia Limited- Level 1, 219 Blaxland Road, Ryde NSW 2112 or PO Box 219, Ryde NSW 1680, Facsimile: (02) 9807 3000

Personal information: Chapter 2C of the *Corporations Act* 2001 requires information about you (including your name, address and details of the shares you hold) to be included in the Company's register of members. This information must continue to be included in the Company's register of members if you cease to be a shareholder. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. The Company may disclose this information for purposes related to your shareholding, including in circumstances permitted under the Chapter 2C of the *Corporations Act* 2001. You can obtain access to your personal information in the Company's register of members in accordance with Chapter 2C of the *Corporations Act* 2001.

7. Bodies Corporate

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of a company's shareholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.