

1st March, 2007

For immediate release to the NSXA

Cosmedics Australia Limited (CMA):

**Acquisition of Australian Medical Imaging Pty Limited and Melbourne Medical Imaging Pty Ltd –
MARKET UPDATE**

As a result of continued negotiations, Cosmedics Australia Limited ('CMA') is pleased to announce that it has reached Agreement to acquire Melbourne Medical Imaging Pty Ltd ('MMI'), a Company associated with Australian Medical Imaging Limited ('AMI').

Further to our previous announcements dated 8th June, 25th August and 2nd October 2006, CMA is now also to proceed with the acquisition of AMI, on the terms of the Agreement signed on 25th August 2006.

MMI is to open an Imaging Practice in East Melbourne on the 19 March 2007. This practice is equipped with 'state of the art' technology, including a 64 slice CT Scanner. The location of the Practice is ideal, being directly opposite St. Vincents Hospital on Victoria Parade in East Melbourne. Prominent Radiologists and an experienced staff have already been recruited, to commence on 8th March, 2007.

The Melbourne Facility has two components, consisting of the business and the property. The property has been secured for \$6,600,000, for which 33,000,000 fully paid \$0.20 shares will be issued. The purchase price of the business will be 90 million fully paid \$0.20 shares.

As previously announced, CMA will then be renamed Australian Medical Imaging, with Dr Douglass to remain as Chairman of the Board and C.E.O.

A Capital Reduction is proposed, following the above transactions, such that existing CMA shares will be converted on a ratio of 10 to 1. All of the transactions outlined above are subject to completion of Due Diligence, Independent Experts report and Shareholder approval.

Signed,



Dr Bronte Douglass

Chairman.