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For immediate release to The Newcastle Stock Exchange.

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**CMA and ENSI-MED - Transaction progress announcement**

As announced to the market on 1 April 2004, Cosmedics Australia Ltd ("CMA") signed Heads of Agreement on 31 March 2004 ("the March Heads") to acquire the patented safety syringe manufacturer, Ensi-Med. CMA is now pleased to announce that due diligence has been undertaken under the terms of the March Heads and, following further discussions between the parties, the March Heads have now been replaced by the following:

1. Heads of Agreement between CMA, Ensi-Med and Ensi-Med's shareholders ("the Ensi-Med Heads"), which provides for the acquisition by CMA from Ensi-Med of the assets and facilities necessary to manufacture the patented safety syringe. These assets and facilities include:

- (a) plant and equipment, as well as stock-in-trade;
- (b) a sub-lease in respect of the manufacturing premises;
- (c) regulatory approvals, including the Therapeutic Goods Administration (TGA) and the US Food and Drug Administration (FDA);
- (d) the Ensi-Med name; and
- (e) customer contracts,

and

2. Heads of Agreement with the two inventors of the syringe technology and the owners of the relevant patents ("the Inventors' Heads"), pursuant to which the two inventors have agreed to assign the patents to CMA and provide ongoing consultancy services to CMA in respect of the technology.

The legally binding Ensi-Med Heads is subject to a number of conditions, including execution of formal documentation, CMA board and shareholder approvals, regulatory approvals, CMA's board approving the share issues envisaged as part of the transactions the subject of the Ensi-Med and the Inventors' Heads, and the proposed offering to the public of 30 million ordinary shares in CMA and 15 million options over ordinary shares in CMA (being the Capital Raising foreshadowed in the announcement to the market on 1 April 2004) being fully subscribed. The parties to the Ensi-Med Heads are required to use their best endeavours to satisfy the various conditions.

The parties to the Inventors' Heads are also required to use their respective best endeavours to enter into and execute a binding Patent Assignment and an ongoing Consultancy Agreement with the two inventors as soon as reasonably practicable.

The consideration payable by CMA under each of the Ensi-Med Heads and the Inventors' Heads involves a combination of a cash payment as well as the issuing of shares and options over shares in CMA.

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