**ASX/Media Release**

# MEDEC revenue hits record $4.4 million in September Quarter 2006

**7 November 2006** –Quarterly cash receipts of Perth based health care group MEDEC Limited [ASX: MAA] in September Quarter 2006 has exceeded $ 4.4 million for the first time,

The integration and consolidation of the new subsidiaries acquired in July 2006 is progressing faster than expected. The newly formed MEDEC professional services has commenced training of product know- how, marketing and sales strategies and extensive training is now taking place in Australia, Singapore and Germany. The outcome is a better than expected quarterly result of Q1 2007 which increased cash receipts by 100% against the same quarter last financial year.

**Projection of Revenue and Profit/Loss for the 2007 Financial Year**

| | **Forecast 2007 FY** | | **Actual 2007 FY** | | **2006 FY** | |
|---|---|---|---|---|---|---|
| $ million | Revenue | Profit/Loss | Receipts | operating cashflow | Receipts | operating cashflow |
| Q I 2007 FY | 2.5 | - 0.3 | **4.4** | **- 0.2** | 2.2 | -0.1 |
| Q II 2007 FY | 4.5 | - 0.1 | | | 2.0 | -0.3 |
| Q III 2007 FY | 5.0 – 6.0 | + 0.1 | | | 1.8 | -0.4 |
| Q IV 2007 FY | 5.5 – 6.0 | + 0.4 | | | 2.4 | 0.2 |
| Total 2007 FY | 17.5 – 19.0 | + 0.1 | | | 8.4 | -0.6 |

We expect that the integration of the MEDEC Health and Vitality concept into the client service and sales program of the new subsidiaries will continue strongly in the period October to December 2006 and forecast that 50 centres will offer the MEDEC Health and Vitality concept by 31st December 2006.

Due to accelerated integration and consolidation of new subsidiaries, MEDEC now expects revenue to increase to $19.0/ $20 million in the 2007 FY. The corresponding sales revenue of MEDEC core products is expected to increase from $3.0 million in the 2006 FY to $4.5 million in the 2007 FY.

MEDEC is spending $1.0 million for the fast integration of the new subsidiaries and for improved marketing of its products, most of this in the first 6 months of the 2007 FY. This will temporarily affect profitability but will lay the foundation for further growth in the 2008 to 2010 FY's.

"This first quarterly result confirms MEDEC's growth and marketing strategy by acquisition" says Josef Plattner, CEO of MEDEC Ltd, "This way we have considerably strengthened our infrastructure in South- East Asia and Europe in preparing the foundation for further future growth." Mr Plattner added " Growing sales has also improved cash flow, giving MEDEC good cash reserves for strong further growth in the 2008 – 2010 FYs. I am confident that the transition of MEDEC from a research and development company to a marketing company is on track for the 2007 FY".

**Josef A Plattner**
**Chief Executive Officer**
**MEDEC Ltd**

About MEDEC

MEDEC is an Australian based health care equipment company that was listed on the ASX in October 2003. The MEDEC group of companies has several product ranges including the award winning Athlegen brand, which is Australia's market leader in treatment tables for the wellness industry and the innovative MEDEC wellness products. Manufacturing facilities are established in Australia, Germany and China.

Since its establishment in 2001, the MEDEC group has grown substantially. MEDEC's major market at present is Europe, Asia and Australia with marketing facilities and franchise concepts in the weight management and fitness industry. More than 100 franchise outlets managed by 4 marketing subsidiaries are expected to take over the application, sales and promotion of the MEDEC product range in the next 12 months.

MEDEC operates showrooms in all Australian capital cities as well as in Germany. 15 international distributors display MEDEC products in showrooms to the wellness and health industry. The products have been sold to more than 30 countries.

The focus of market expansion is presently on Europe, South East Asia and Australia.

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