



ASX/Media Release

MEDEC revenue hits record \$1.68 million in August 2006

26 September 2006 – Monthly revenue of Perth based health care group MEDEC Limited [ASX: MAA] in August 2006 has exceeded \$ 1.6 million for the first time,

Following several acquisitions to strengthen the marketing and roll out of its products in Australia, Singapore and Europe, the integration of the new subsidiaries is progressing well. The month of August is the first month of consolidation of the new subsidiaries and MEDEC is now focusing on the integration of the MEDEC Health and Vitality concept into the client service and sales program of the new subsidiaries. MEDEC has established an international professional services team for the training of product know how, marketing and sales strategies and extensive training is taking place in Australia, Singapore and Germany.

Due to accelerated integration and consolidation of new subsidiaries, MEDEC now expects revenue to increase from \$2.1 million in the June quarter 2006 to \$3.5 million in the September quarter 2006 as part of increasing from \$8.0 million in the 2006 financial year (FY) to forecast \$17.5 to 19.0 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 growth in the 2008 to 2010 FY's.

“This interim monthly revenue result confirms that MEDEC's growth strategy by acquisition and the synergy effects of selling via the acquired franchise concepts is working” says Josef Plattner, CEO of MEDEC Ltd, “we are now strengthening our market position and infrastructure in South East Asia and Europe by the establishment of the MEDEC Health and Vitality concept and extensive training.”

Mr Plattner added “One additional benefit of growing sales is improved cash flow, which has allowed MEDEC to develop an ambitious marketing strategy to support further strong organic growth in the 2008 – 2010 FYs. After the delays in the 2006 FY I am now 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.

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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.