



ASX/Media Release

MEDEC has acquired a leading Singapore Wellness and Health Care Provider

01 August 2006 – Perth based health care company MEDEC Limited [ASX: MAA] has finalised the acquisition of 51% of Body Contours Pte Ltd of Singapore with options to increase the shareholding to 100% within the next 42 months.

Body Contours is a well established Singapore business which has been operating for 10 years and offers premium services, including a wide range of weight management and complementary health and wellness therapies. It currently operates 5 centres in Singapore and has franchising plans and agreements in place to expand into India, Malaysia and Australia.

Highlights of the Body Contours Pte Ltd acquisition:

- High synergy acquisition – both companies target the same client base
- Existing infrastructure for the roll out of MEDEC products and services
- Profitable and growing cash flow business
- Basis for MEDEC to establish centres in South East Asia and India

MEDEC has acquired 51.0 % of Body Contours for a consideration of A\$5,062,872 with payment as follows:

- 50% of the consideration amounting to A\$2,531,436 will be by a combination of cash and shares with a cash payment of A\$1,054,864 to be made on 2 August 2006 followed by the issue of 4,921,906 fully paid Medec shares for the balance at a value of \$0.30 per share.
- The balance of the consideration of A\$2,531, 436 is due in 2009 following the completion of the audited financial statements for the financial year to the 30 June 2009 and can be made at the election of Medec in a combination of cash or in fully paid MEDEC shares at a value of \$0.30 per share.

The vendors guarantee an average EBITDA of S\$2.0 million per year to be achieved over the next 3 years. If Body Contours does not achieve this then the valuation of Body Contours is reduced and the second tranche of payment will be adjusted accordingly.

MEDEC has an option to acquire the remaining 49% of the share capital of Body Contours between 31 December 2007 and 30 June 2010 payable at the discretion of MEDEC in a combination of cash and fully paid MEDEC shares.

Mr Josef A. Plattner, CEO of MEDEC said “This acquisition gives MEDEC a substantial retail network in Asia and further strengthens our base in management, logistics and sales and combined with other recent acquisitions has the potential to double MEDEC’s revenue to approximately \$2.0 million per month as from 01 August 2006 with improvements in profitability and cash flow of the group”.

“I have taken a large portion of the consideration in MEDEC shares at \$0.30 per share” said Mr. Ananda Rajah Ratnam, the founder of Body Contours, “as I believe in the future of MEDEC as it is now transforming from a research company to a marketing company. As a future MEDEC director with responsibility for Asia, I am looking forward to establishing MEDEC products and services in the South East Asia region”.

Josef Plattner

Chief Executive Officer +61 (0)8 9450 7411

MEDEC Limited

22 Letchworth Centre Ave, Salter Point, 6152 Western Australia, ACN 100 531 191
Tel: 8 9450 7411, Fax: 8 9450 7422, E-mail: admin@medec.com.au

For further Information refer to www.medec.com.au and www.bodycontours.com.sg or inquire under marion@medec.com.au

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. The recently launched MEDEC Calorie-fit expands the product range to weight management and fitness. 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 with marketing facilities and joint ventures with 2 franchise companies in the weight management and fitness industry. More than 100 franchise outlets are expected to take over the application, sales and promotion of the MEDEC product range in the next 18 month.

MEDEC / Athlegen operate 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, China and USA.

MEDEC Limited

22 Letchworth Centre Ave, Salter Point, 6152 Western Australia, ACN 100 531 191
Tel: 8 9450 7411, Fax: 8 9450 7422, E-mail: admin@medec.com.au