6 September 2004

Eastland Medical Systems LTD

The Manager,
Company Announcements Platform,
Australian Stock Exchange,
Level 4, 20 Bridge Street,
Sydney. N.S.W. 2000

By E-lodgement of 4 pages.

MEDIA RELEASE.

EASTLAND MEDICAL SYSTEMS SIGNS INTERNATIONAL PURCHASE AGREEMENT

The Directors of Eastland Medical Systems Limited (Eastland) are pleased to announce the signing of an agreement for a major International acquisition by the Company. It is expected to contribute significantly to future product sales of Eastland's safe needle devices as well as the Groups range of other medical and surgical products.

Eastland Managing Director and CEO, Don O'Sullivan reported from Johannesburg the successful execution of the agreement. This is the first step in the next phase of Eastland's development to become a significant participant in the Global Medical Devices arena.

The Company has signed a purchase agreement to acquire New Promex Corporation (Pty) Ltd (Promex), one of Africa's largest and most successful needle and syringe manufacturers. Based in South Africa, this leading manufacturer has been in operation for almost 25 years, has created a long established brand presence over its many years of operation. Its products are considered the "gold standard" in the African market in terms of quality and reliability.

The acquisition is anticipated to be completed during the next 30 days, subject to Regulatory approvals, securing appropriate funding and the completion of full due diligence.

Details of the terms and conditions of the agreement are as follows:

- the purchase consideration shall be equal to the stated value of the Net Assets of the Company as agreed and as provided in the Pro-forma Balance sheet,
- purchase consideration shall be South African Rand 12.224 million (Aust$2,609 million) of which 5 million (Aust$1.067 million) will be in the form of cash with the balance of Rand 7.224 million by way of 4,816,000 Eastland Medical Systems securities issued at Rand 1.50 (Aust$0.32c) per share, subject to ASX Listing Rule requirements,
- the due diligence in respect of the Business and the Assets and the financial accounts,
- Eastland securing sufficient funding from a South African financial institution to meet ongoing working capital and service debt requirements,
- the approval of the relevant South African Authorities to the acquisition, and
- the agreement allows for up to 30 days for the contract to become unconditional.

Eastland has long targeted the African market as an opportunity for considerable sales growth for the Company's revolutionary safe needle, medical, and surgical products. By way of highlighting the scope of the opportunities in the African market, the following background is provided:

1. Africa represents a total market of approximately 460 million people.

2. According to the World Health Organisation (WHO), each member of the population receives an average of 2 – 2.2 injections each year.

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3. Currently, between 1.2 and 1.3 billion needle devices are consumed annually, funded largely through international aid programs.

4. Africa has the highest incidence of Hepatitis B & C and HIV/AIDS in the world (WHO statistics) and various African governments have recognised these problems, often caused by needle re-use, and are actively developing programs which adopt the use of safe devices.

Eastland will also make a significant social contribution to the African people by helping address these globally recognised health issues.

Becoming a local manufacturer provides the opportunity to access major aid programs funded through WHO and other international Charitable Organisations.

In addition to the significant opportunity for Eastland's safe devices, in acquiring this new business, Eastland gains the following significant competitive advantages

- Acquisition of a strong, established brand name highly regarded in local African markets

- The opportunity to rapidly build International product sales from both Eastland's subsidiaries, Medical Industries Australia (MIA) and Portland Surgical Products businesses

- Promex will be an early customer for Eastland's PAP manufactured needle cannulae for incorporation into finished products, initially estimated in excess of 100 million needles in the first 12 months.

- The opportunity to accelerate the supply of Eastland's patented PAP-ground needles to global markets and the resultant increase in sales revenues through the new channel to market in Sub Saharan Africa

- As a local manufacturer Promex is not subject to government import duties of 20%.

- Supporting the South African Governments Black Empowerment legislation and other initiatives(BEE) provides a further Government tender price advantage of 10% against non BEE competitors

- Together these concessions deliver a 30% price advantage over many importing suppliers.

- Leveraging the Eastland Group's existing range of products, infrastructure and established purchasing relationships is expected to deliver reduced raw material, distribution and administration costs.

Promex is a subsidiary of Sekunjalo Investments Limited. (Sekunjalo). Sekunjalo is a company listed on the Johannesburg Stock Exchange and its primary business is in the area of fishing. The opportunity to purchase Promex has arisen as Sekunjalo now view this business as "Non Core" and do not intend to develop it further. As a result the short term performance of Promex has been adversely affected. Sales revenues for Promex over the past 3 years are Rand 36.021 million (Aust$ 7,688) 2001, Rand 36,812 million (Aust$7,856) 2002, and Rand 29,465 million (Aust$6,289) with gross profit of Rand 9,242 million Aust$2,011) 2001, Rand 8,552 (Aust$1,825) 2002 and Rand 3,175 million (Aust$678) 2003.

Eastland intends to rapidly develop and grow Promex not only as a supplier to local African markets but also as a platform for cost effective manufacturing for other major world markets through the scale up in Eastland's manufacturing operations.

The Directors are extremely positive about this significant acquisition and look forward to the opportunities to increase product sales through this new subsidiary.

This international expansion represents the first of three negotiations nearing conclusion that will result in the Eastland Group's products entering substantial global markets while Eastland retains control of its distribution, sales and pricing.

Don O'Sullivan is currently overseas. For further information, please contact Mr David Whitelaw, Director Sales & Marketing

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Trevor Strahan
Company Secretary
Eastland Medical Systems Limited

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SCHEDULE "C"

New Promex Corporation
Proforma Balance Sheet
as at 31st August 2004

Australian Dollar to Rand Rate	August 2004	Projected Agreed Adjustments			Proforma	Proforma	Proforma	Proforma
4.6854	Balance Sheet (Rand)	Debit		Credit	Balance Sheet (Rand)	Balance Sheet (AUD)	EMS Group (AUD)	EMS Group Cons'd (AUD)
Assets								
Non-Current Assets								
Property							670	670
Plant & Equipment	8,718				8,718	1,861	304	2,165
Revaluation of Plant & Equip.		8,282			8,282	1,768	-	1,768
Computers								-
Motor Vehicles							45	45
Office equip							50	50
Other - F&F, Lhold							118	118
Other							943	943
					17,000	3,629	2,130	5,759
Intangible Assets								
Patents							2,476	2,476
Investment								-
Revalue Goodwill*,Patents & TM		4,200			4,200	896	4,085	4,981
	8,718				**21,200**	**4,525**	**8,691**	**13,216**
Current Assets								
Stock	2,968				2,968	633	2,364	2,997
Trade Debtors	2,275				2,275	486	1,087	1,573
Other							87	87
Other Debtors	226	531			757	162	85	247
Receiver of Revenue	(168)	168			-	-		-
Cash	4			4	-	-	3,767	3,767
	5,305				**6,000**	**1,281**	**7,390**	**8,671**
Long Term Assets								
Deferred Taxation	2,387			387	2,000	427		427
Total Assets	**16,410**				**29,200**	**6,233**	**16,081**	**22,314**
Liabilities								
Long Term Liabilities								
Interest Liabilities	(11,504)				(11,504)	(2,455)	(459)	(2,914)
Payables							(28)	(28)
Provisions							(84)	(84)
	(11,504)				(11,504)	(2,455)	(571)	(3,026)
Current Liabilities								
Trade creditors	(3,640)				(3,640)	(777)	(620)	(1,397)
Other creditors	(940)				(940)	(201)		(201)
Overdraft (NedBank)	(892)				(892)	(191)		(191)
Provisions							(100)	(100)
Interest Bearing Liabilities							(1,515)	(1,515)
Taxation								-
	(5,472)				(5,472)	(1,169)	(2,235)	(3,404)
Total Liabilities	(16,976)				(16,976)	(3,624)	(2,806)	(6,430)
TOTAL NET ASSETS	(566)				12,224	2,609	13,275	15,884
Shareholders Equity								
Share Capital	5,000				5,000	1,067	16,380	17,447
Asset Revaluation Reserve				12482	12,482	2,664		2,664
Retained (earnings)/losses	(5,566)	391		699	(5,258)	(1,122)	(3,105)	(4,227)
								-
TOTAL SHAREHOLDERS EQUITY	(566)				12,224	2,609	13,275	15,884