

ASX ANNOUNCEMENT



1st March 2007

Eastland Medical Systems Ltd

www.eastlandmedical.com.au

Eastland Acquires 30% Stake in Star Medical Botswana

Eastland[®] Medical Systems Limited (ASX: EMS) has acquired a 30% stake in African drug development company, Star Medical (Botswana) Limited – a key partner in Eastland’s African Malaria project – for AUD\$900,000.

Star Medical holds the exclusive rights to the Intellectual Property for a patented new anti-malaria treatment for Africa.

Earlier this month, Eastland Medical Systems South Africa (Pty) Ltd (EMSSA) signed a Manufacturing Agreement allowing EMSSA to manufacture the new treatment for all 54 countries within the continent of Africa. This followed the signing of a Distribution Agreement with Star in December 2006 allowing EMSSA to distribute the treatment to all 47 countries within sub-Saharan Africa.

Eastland[®] CEO Dermot Patterson said: “Eastland’s interest in Star is an integral element of Eastland’s overall strategy to expand its market penetration within Africa and to allow the Company to increase its role in combating health issues and assist in the control of major diseases such as malaria in Africa.”

Star Medical Chairman Dr Kwame Amuah said: “It is fitting for two companies with similar goals to work together on a project which holds such importance for the health of so many Africans.”

About the Anti- Malaria Treatment

The unique treatment uses a proven formula that is presently available in tablet form but which offers a number of significant advantages over current medications due to the method in which it is administered.

It attacks the malaria parasite at far greater speed than the conventional tablets, reducing the need for continued hospitalisation and resulting in significant cost savings to Governments and relief organisations.

The treatment is particularly effective in children suffering from malaria-related symptoms such as malnutrition and diarrhea.

Eastland’s Malaria Project

In December 2006 Eastland’s 65%-owned subsidiary Eastland Medical Systems South Africa (Pty) Ltd (EMSSA) signed a Distribution Agreement with African medical supplies distributor Star Medical (Botswana) Ltd, granting EMSSA the rights to supply the new anti-malaria treatment to Sub-Saharan Africa. Following this, EMSSA was awarded the contract to manufacture the treatment for the entire African continent.

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In February 2007 Eastland secured a contract with UK Company Proto-Pharma Ltd - developer of the new treatment - to manufacture and distribute the treatment to Asia, India and the Pacific region.

The Malaria Crisis

- Up to 500 million cases of malaria are documented each year world wide.
- More than 41% of the world's population is at risk of contracting malaria
- One million children die every year worldwide
- Malaria is a major problem in South East Asia
- 1.2 billion or 85% of the total population of the South –East Asian region is at risk from Malaria.

With the effects of global warming, the incidence of malaria is expected to increase in many countries of the world including those presently exempt from the parasite.

About Eastland Medical Systems

Eastland® is a publicly listed international medical device company that develops, manufactures and distributes medical treatments and devices in Australia and overseas. Eastland® has four wholly owned Australian subsidiaries:

- **Portland Surgical Products Pty Ltd** is focused on manufacturing and supplying specialty hypodermic needles and medical devices;
- **Westcoast Surgical & Medical Supplies Pty Ltd** is one of Western Australia's largest distributors of surgical & medical products;
- **Eastland Medical Research Pty Ltd** is the research and development arm of the Company;
- **Medical Industries Australia Pty Ltd** is a significant importer, distributor and supplier of medical, therapeutic and allied products with an established client base in hospitals, clinics, and pharmacies across Australia.

Eastland also holds a 50% interest in West Australian sterile barrier and packaging manufacturer Ampack Medical Pty Ltd.

Eastland has established a strong presence in the South African medical product distribution market through its 65% held subsidiary Eastland Medical Systems South Africa (Pty) Ltd and its 45% held associate Health in Form.

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