ASX Company Announcement

28 July 2008

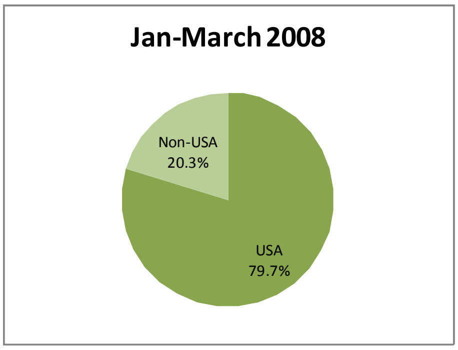
Investor Update

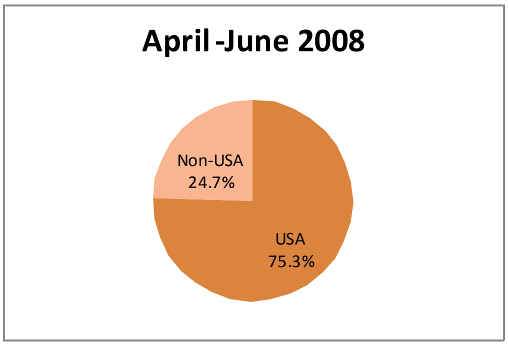
The Directors of Sun Biomedical Limited (ASX: SBN or the Company) wish to provide the following update to investors in relation to the operations of Sun Biomedical Laboratories Inc. (SBL).

1. Financial Performance for June Quarter

	June 2008 Quarter	March 2008 Quarter
Sales revenues ($'000) [1]	140	282
Number of OraLine units sold	23,950	59,111

[1] unaudited





Consistent with the forecast to investors in May 2008, sales in the June 2008 quarter were lower than the March 2008 quarter as sales in the US slowed among existing US distributors. Non-US sales grew to a larger percentage of the business in the June 2008 quarter and are expected to continue to grow in the current quarter.

2. Capital Raising

The Company is currently conducting a capital raising via a renounceable Rights Issue to raise a minimum of $2.0 million. These funds will be used to fund the following initiatives:

(a) the payment of amounts owing in relation to the Company's acquisition of SBL;

(b) the commercialisation of the Chinese joint venture with SiYi, including the capital expenditure required to increase the production capacity at the existing plant to accommodate a higher volume of sales;

(c) the development of the BioScreens Cup and the cost of attaining FDA 510(k) Clearance for point-of-care sale of the VisuaLine product;

(d) the development and marketing of OraLine VIII;

(e) developing SBL's compliance with Good Manufacturing Practices; and

(f) working capital to support the ongoing business activities of the Company.

The Board is pleased that major shareholders of the Company have demonstrated their confidence in the future of the Company and have committed the following amounts to the Rights Issue:

(a) Log Creek Pty Ltd has entered into a sub-underwriting agreement to sub-underwrite an amount up to $666,667;

(b) A Director of the Company, Mr Andrew Paice has committed in writing to taking up his full Entitlement under the Rights Issue of $40,930; and

(c) Dr Ming and Alice Sun have agreed to convert the equivalent of US$490,000 into Shares which are to be issued in accordance with the terms of the restructure of the payment of US$980,000 under the Promissory Note. It is proposed that the remaining balance of US$490,000 will be repaid from the proceeds of the Rights Issue.

All shareholders were sent a copy of the Prospectus together with a personalised Entitlement and Acceptance Form on 15 July 2008. Shareholders who have not received their Prospectus can either obtain a copy from the Company's registered office during normal business hours or download a copy from the Company's website at www.sunbiomed.com/prospectus. The Company encourages all shareholders to participate and notes that applications need to be lodged with Computershare by 6 August 2008.

3. Update on SBL's Sales Initiatives

a) China

SBL continues to work with joint venture partner SiYi to provide performance studies and additional test kits to the Ministry of Public Security (MPS) for final evaluation. MPS is currently conducting tests of OraLine to validate the study provided by SBL to MPS in June 2008. SBL remains optimistic that the OraLine device will meet the stringent standards that MPS has set for the device to be adopted. Set out below is SBL's current anticipated timetable for the completion of the MPS evaluation process. The commencement of field trials is now expected in early 2009 rather than late 2008 as the completion of the performance studies may take longer than anticipated.

Timing	Milestone
September 2008 Quarter	MPS evaluates SBL study and conducts laboratory testing of OraLine
December 2008 Quarter	MPS decision to proceed to field trials
March 2009 Quarter	MPS conducts field trials in 15 cities and evaluates results

b) BioScreens

The development of the new BioScreens cup with SBL's VisuaLine card is progressing. SBL is continuing to work on refining its existing membrane product for the new multi-drug cup design. SBL's partner, BioScreens, has completed the arrangements for BioScreens new split specimen urine test cup utilizing SBL's VisuaLine test strips. The first shipment of cups is anticipated to occur in December 2008.

c) Russia

Russian registration of OraLine has been completed by SBL's Russian distributor, MediNat. Distribution within the Russian market is now expected to commence in the second half of 2008. The Mayor of Moscow has recently called for the introduction of mandatory drug testing of all school and university students and MediNat has advised SBL that they have already received enquiries from 4 universities regarding the possible supply of OraLine.

d) United States

SBL has added new US distributors in the current quarter and is moving to add distributors in each subsequent quarter of 2008. Sales from these new OraLine distributors continue to grow and expand the coverage of the US market place for workplace testing.

SBL, in conjunction with its US marketing partner, has conducted market testing of a new consumer based drug residue kit. Initial market tests run exclusively in the US have been positive. The next phase of testing will be conducted to determine optimal price points and offer content by selling 2,000 units through existing sales channels. If preliminary test results support the sales potential of this new product, then SBL anticipates a commercial launch of this product in late 2008.

e) Mexico

An additional order of 1,000 OraLine units for the school testing program was delivered in May 2008. As previously advised, SBL anticipates that if the program is approved for expansion, no new orders would be received until at least the start of the new school year in September 2008.

Separately, Express Diagnostics, SBL's distribution partner, has submitted an approval to import large volumes of OraLine into Mexico. The request is currently being evaluated by Mexican Customs and a decision is expected by the end of August 2008.

f) Australia

SBL has signed a distribution agreement with Clinical Medical Marketing (CMM) giving CMM exclusivity in the Australian workplace testing market for OraLine. Sales are already underway and the new agreement will establish a mechanism to substantially grow the sales in Australia for workplace testing. The minimum order quantities under the agreement are as follows:

Calendar Year	USD
2009	80,000
2010	160,000
2011	250,000
After 2011	250,000

g) Management/Staff Changes

There have been no changes to the management team during the June 2008 quarter. SBL has employed a new Quality Control manager and a senior Biochemist. Following the completion of the capital raising, SBL is also planning to establish a small direct sales unit to further boost the marketing effort within the USA.

h) Regulatory

No further issues have arisen with the Food and Drug Administration (FDA) and SBL is still awaiting the final report from the FDA audit which was completed in May 2008.

For further information in relation to this announcement or any aspects of SBN's operations please contact:

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