BRAINZ™

www.brainz.com
ARBN 116 829 675

ASX Announcement

Market update

20 April 2007: Richard Smith, incoming CEO of BrainZ Instruments (ASX: BZI) today gave an update on the company's recent performance and product modifications for the US market.

"As previously stated, although uptake in Europe has been ahead of expectations (267% year on year growth for the 7 month period to 31 March 2007), sales in the US have been slower than expected (67% growth for the same period)" Mr Smith stated.

"While BrainZ has been operating for about four years in Australia and New Zealand, it has only been fully operational in the American market for 14 months. The body of data we have collected in this time is now providing us with practical insights into the adoption of the BRM2 into US clinical practice."

"In particular, we have discovered the main reason why a number of prospects have deferred uptake of the product is related to specific configuration issues of the software and hardware. The relevance of these configuration issues is more pronounced in the US market, the structure of which (models of care and medico-legal frameworks) is clearly distinguished from Europe and Australasia."

Mr Smith added, "The good news is that a series of software and hardware modifications (which are expected to be delivered to market on a rolling quarterly basis) are underway to address the needs of the US clinicians. We expect that these, combined with our continued market education efforts, will have a positive impact on the shape of the US sales curve."

"In addition, our leadership role in neonatal monitoring exposes us to a number of other complementary technologies in infant care. In refining our approach to market, we continue to consider a number of these assets as potential synergistic acquisition targets."

Inquiries:

Richard Smith
Incoming Chief Executive Officer
BrainZ
+1 443 280 2920

Rudi Michelson
Monsoon Communications
03 9620 3333

About BrainZ Instruments Limited:
BrainZ (ASX: BZI) is a New Zealand based medical technology company specializing in the research, development, manufacturing and sale of bedside brain monitoring technology. The BRM2 Brain Monitor, BrainZ's first product, is a unique bedside tool that assists in the detection of brain injury and seizure activity in neonates. It has been specifically designed to assist intensive care staff with clinical decision-making in conjunction with other clinical data and in the direction of care on a day-to-day basis.

The BRM2 monitor has received regulatory approval and is in use in 16 countries worldwide. BrainZ dominates the local Australian and New Zealand markets via direct sales channels. BRM2 monitors are also installed in over 40 leading US hospitals. BrainZ has secured an exclusive agreement with GE Healthcare, a leading supplier of patient monitoring systems, for the distribution of BRM2 Brain Monitors in the USA and UK markets.

BrainZ Instruments was established in 2001 to commercialize pioneering neonatal brain research from the Auckland University's Liggins Institute. Originally a subsidiary of NeuronZ Ltd, BrainZ was acquired by Tru-Test Ltd in September 2002. Tru-Test is a multinational company specialising in electronic technology solutions. BrainZ publicly listed on the Australian Stock Exchange (ASX) in December 2005, raising AUD 13 million.