

May 16, 2006

**Spacelabs Healthcare, Inc. Third Quarter Results****May 16, 2006: Hawthorne, CA**

OSI Systems, Inc. the majority shareholder of Spacelabs Healthcare, Inc. (Spacelabs or the Company) today announced its third quarter segment operating results for its healthcare business.

**Highlights for Third Quarter of Fiscal 2006**

- | Company on-track to meet full year market earnings expectations;
- | Third quarter fiscal 2006 revenue increased by 3% to \$49.4m with operating income increasing by 22% to \$1.1m;
- | The gross margin for the first nine months of fiscal 2006 was 48%, a improvement of 2% compared to 46% for fiscal 2005;
- | Strong order bookings in monitoring up 18% globally through the first nine months of fiscal 2006, lead by the continued strong performance of the monitoring product line in the U.S market;
- | Company repaid approximately \$6m in long term debt in third quarter of fiscal 2006;
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- | Introduction of the UltraviewSL 2400 and 2600 wireless patent monitors in the third quarter of fiscal 2006;
- | On July 1, 2005 the Company began recording stock based compensation expense as required by FAS 123<sup>®</sup>. The Company did not incur stock based compensation in Fiscal 2005.

	Third Quarter 2006	Third Quarter 2005	%	Nine Months 2006	Nine Months 2005	%
Revenue	\$49.4m	\$47.8m	3%	\$161.8m	\$144.6m	12%
Income from Operations ( <i>excl. Stock Option Expenses</i> )	\$1.7m	\$0.9m	89%	\$9.3m	\$6.0m	55%
Stock Option Expenses	\$0.6m	--	--	\$1.1m	--	--
Income from Operations ( <i>incl. Stock Option Expenses</i> )	\$1.1m	\$0.9m	22%	\$8.2m	\$6.0m	37%

Chief Executive Officer of Spacelabs Healthcare Inc, Deepak Chopra, stated:

*We are pleased with the operating results for the third quarter, particularly with the performance of our core products, monitoring and anaesthesia. For the first nine months, monitoring orders were up 18% globally with the strongest performance coming from the U.S., our largest market. We continue to capture our replacement cycle business in addition to gaining market share from our competitors. We expect to see continued organic growth for the business supplemented by acquisitions of complementary products and technologies. We remain on track to launch the anaesthesia product into the U.S. market in fiscal 2007.*

The third quarter results for Spacelabs Healthcare are being reported as part of OSI Systems Healthcare business. As such, these results are segment results as defined by U.S. GAAP, and therefore differ from those that would be reported for Spacelabs Healthcare on a stand-alone basis. These results do not reflect certain corporate level costs and expenses relating to OSI Systems.

**Conference Call Information**

OSI Systems will host a conference call to discuss the third quarter operating results on Monday May 15th at 10:30pm GMT. To listen to a live and archived version of the conference call please go to [www.SpacelabsHealthcare.com](http://www.SpacelabsHealthcare.com) and follow the link from the home page.

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