

**TRIMEDYNE REPORTS INCREASED REVENUES AND IMPROVED FINANCIAL RESULTS  
IN THE QUARTER AND NINE MONTH PERIODS ENDED JUNE 30, 2006**

FOR IMMEDIATE RELEASE

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August 22, 2006 – Lake Forest, CA: TRIMEDYNE, INC. (OTCBB “TMED”) today reported improved financial results, with a 5% increase in revenues for the quarter to \$1,626,000 and a 4% increase in revenues for the nine month period ended June 30, 2006, to \$4,956,000, compared to prior year revenues of \$1,552,000 for the quarter and \$4,783,000 for the nine month periods, respectively.

The Company's net profit was \$70,000 or \$0.01 per share for the nine months ended June 30, 2006, compared to a loss of \$4,000 or \$0.00 per share for the prior year's nine month period. During this period, other income, primarily royalties, increased by 268% to \$336,000, compared to the prior year period, and non-recurring moving expenses of \$80,000 were incurred.

The Company's net loss was \$27,000 or \$0.00 per share for the current quarter, compared to a net loss of \$153,000 or \$0.01 per share in the prior year quarter. Other income, primarily royalties, grew 187% to \$155,000 for the current quarter. The current quarter's loss included \$80,000 of non-recurring expenses associated with moving to the Company's new office and manufacturing facility.

Glenn D. Yeik, President of Trimedyne, said, "We are pleased to report an increase in revenues and improved financial results in the current quarter and nine month period, compared to the year ago periods. While marketing expenses to introduce our new VaporMAX<sup>®</sup> Side Firing Laser Fiber and manufacturing costs to manufacture the DuraMax<sup>™</sup>\* Side Firing Fiber, which will be marketed by Boston Scientific and Lumenis, Ltd., are expected to rise in the coming months, we anticipate our revenues will significantly increase from sales of these new devices. While such increases in revenues cannot be guaranteed, the large sales organizations of Boston Scientific and Lumenis will be introducing the DuraMax Fiber, and our modest sales organization will be selling the VaporMAX Fiber into the rapidly growing worldwide market for laser therapy in the treatment of enlarged prostates".

Trimedyne manufactures lasers and proprietary fiber optic devices for a variety of minimally invasive surgical procedures, many of which are performed on an outpatient basis at substantially less cost than conventional surgery. Trimedyne has a broad portfolio of patents on side firing laser devices and unique laser features. For product, financial and other information, please visit Trimedyne's website at <http://www.trimedyne.com>.

"Safe Harbor" Statement Under the Private Securities Litigation Reform Act:

Statements in this news release may contain forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1993 and Section 21E of the Securities and Exchange Act of 1934. Such statements may involve various risks and uncertainties, some of which may be discussed in the Company's most recent report on Form 10-KSB and subsequently filed SEC reports. There is no assurance any new products can be cleared for sale by the FDA or successfully commercialized or any forward-looking statements will prove accurate, as actual results and future events could differ materially from those presently anticipated.

\* DuraMax is a trademark of Lumenis, Ltd.

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TRIMEDYNE, INC.  
CONSOLIDATED BALANCE SHEET  
(UNAUDITED)

ASSETS	June 30, 2006
Current assets:	
Cash and cash equivalents	\$ 957,000
Trade accounts receivable, net of allowance for doubtful accounts of \$12,000	755,000
Inventories	2,356,000
Other current assets	363,000
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Total current assets	4,431,000
Goodwill	544,000
Other assets	39,000
Property and equipment, net	890,000
Note due from related party	47,000
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	\$ 5,951,000
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LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Accounts payable	\$ 452,000
Accrued expenses	342,000
Deferred revenue	41,000
Accrued warranty	39,000
Income tax payable	6,000
Notes payable	122,000
Senior convertible secured note due to officer	200,000
Accrued interest due to officer	105,000
Current portion of long-term debt	2,000
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Total current liabilities	1,309,000
Deferred rent	98,000
Long-term debt, net of current portion	2,000
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Total liabilities	1,409,000
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Commitments and contingencies	
Stockholders' equity:	
Preferred stock - \$0.01 par value, 1,000,000 shares authorized, none issued and outstanding	--
Common stock - \$0.01 par value; 30,000,000 shares authorized, 14,743,611 shares issued, 14,642,002 shares outstanding	148,000
Additional paid-in capital	47,957,000
Accumulated deficit	(42,850,000)
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	5,255,000
Treasury stock, at cost (101,609 shares)	(713,000)
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Total stockholders' equity	4,542,000
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	\$ 5,951,000
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TRIMEDYNE, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2006	2005	2006	2005
Net revenues	\$ 1,626,000	\$ 1,552,000	\$ 4,956,000	\$ 4,783,000
Cost of revenues	954,000	918,000	3,030,000	2,535,000
Gross profit	672,000	634,000	1,926,000	2,248,000
Operating expenses:				
Selling, general and administrative	710,000	657,000	1,875,000	1,912,000
Research and development	146,000	180,000	441,000	457,000
Total operating expenses	856,000	837,000	2,316,000	2,369,000
Loss from operations (121,000)	(184,000)	(203,000)	(390,000)	
Other income, net	155,000	54,000	461,000	125,000
Income (loss) before provision for income taxes	(29,000)	(149,000)	71,000	4,000
Provision (benefit) for income taxes	(2,000)	4,000	1,000	8,000
Net (loss) income (4,000)	\$ (27,000)	\$ (153,000)	\$ 70,000	\$
Net (loss) income per share:				
Basic	\$ --	\$ (0.01)	\$ --	\$ --
Diluted	\$ --	\$ (0.01)	\$ --	\$ --
Weighted average number of shares outstanding:				
Basic	14,633,443	14,602,931	14,616,909	14,602,931
Diluted	14,633,443	14,602,931	14,774,922	14,602,931