S.S.H. MEDICAL LIMITED
ABN 75 070 028 625

AND ITS CONTROLLED ENTITY

HALF-YEAR REPORT

31 DECEMBER 2002

Contents

S.S.H. MEDICAL LIMITED
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INTERIM FINANCIAL REPORT

DIRECTOR'S REPORT

Your directors submit the financial report of the economic entity for the half-year ended 31 December 2002.

Directors

The names of directors who held office during or since the end of the half-year:

Dr Frank Burke	Mrs Lorna J Stone
Mr Clemens Van Der Weegen	Ms Julie A Nutting
Ms Jennifer H Wily	Mr Michael J Houghton (resigned 15 August 2002)

Review of operations

Your Directors are pleased to announce a considerable improvement in the performance of the Company since we reported the 2001/2002 full year result.

The reported result for the half year to 31 December 2002 was an after tax profit of $369,441. The result for the half year is a significant improvement compared to the full year loss of $9.16 million reported for the 2001/2002 financial year and was struck after inclusion of the following significant items.

Insurance recovery -payout on a Keyman insurance policy	$1,000,000
Tax rebate concession receivable -in respect of R&D activities	$ 273,503

Had these items not been included, the pre-tax operating loss for the December half would have been $884,062. By comparison, the full year result to June 2002 (excluding abnormal write-offs and charges amounting to $5,660,567) was an operating loss of $3,503,111.

This improvement can be attributed to:

- Significant cost savings from the restructuring of the operations of the parent Company (SSH)
- Finalisation of the restructuring of the Easy Equipment (Easy) manufacturing operations
- An initial profit contribution of $72k from Easy for the half;

The Board is confident the company can maintain this forward momentum, and expects to report a further improvement in the underlying business operations for the full year.

The report is signed in accordance with a resolution of the Board of Directors.

Director
Dr. F. Burke

Dated this 20th day of February 2003

S.S.H. MEDICAL LIMITED ABN 75 070 028 625
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CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF YEAR ENDED 31 DECEMBER 2002

		Economic Entity	
	Note	31 December 2002 $	31 December 2001 $
Sales		1,897,150	208,487
Cost of Sales		(672,628)	(46,675)
Gross Profit		1,224,522	161,812
Other revenue from ordinary activities	2	1,253,797	132,913
Production expenses		(583,961)	(162,474)
Selling and Distribution expenses		(663,723)	(555,982)
Occupancy expenses		(93,080)	(47,649)
Administration expenses		(743,847)	(897,594)
Borrowing costs		(11,857)	(8,211)
Research and Development expenses		(61,797)	-
Product Launch expenses		-	(642,369)
Other expenses from ordinary activities		(204,116)	(204,312)
Loss from ordinary activities before income tax benefit	2	**115,938**	**(2,223,866)**
Income tax benefit relating to ordinary activities		273,503	-
Loss from ordinary activities after income tax benefit		**389,441**	**(2,223,866)**
Total changes in equity other than those resulting from transactions with owners as owners		**389,441**	**(2,223,866)**
Basic earnings per share (cents per share)		0.47 cents	(2.97) cents
Diluted earnings per share (cents per share)		0.47 cents	(2.40) cents

The financial statements should be read in conjunction with the accompanying notes.

S.S.H. MEDICAL LIMITED ABN 75 070 028 625
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2002

	Economic Entity	
	31 December 2002 $	30 June 2002 $
CURRENT ASSETS		
Cash assets	1,164,313	3,764,247
Receivables	2,152,902	513,859
Inventories	1,119,866	776,886
Other	368,990	117,302
TOTAL CURRENT ASSETS	4,806,071	5,172,294
NON-CURRENT ASSETS		
Property, plant and equipment	1,226,981	1,007,806
Licenced Hardware equipment	49,477	65,749
Intangibles	516,164	456,215
Other	1,480,438	1,268,961
TOTAL NON-CURRENT ASSETS	3,273,060	2,798,731
TOTAL ASSETS	8,079,131	7,971,025
CURRENT LIABILITIES		
Payables	712,063	1,109,436
Interest bearing liabilities	99,262	190,306
Provisions	165,582	134,848
Other	144,233	-
TOTAL CURRENT LIABILITIES	1,121,140	1,434,590
NON-CURRENT LIABILITIES		
Interest bearing liabilities	189,236	157,018
Provisions	6,592	6,592
TOTAL NON-CURRENT LIABILITIES	195,828	163,610
TOTAL LIABILITIES	1,316,968	1,598,200
NET ASSETS	6,762,163	6,372,825
EQUITY		
Contributed equity	17,506,140	17,506,141
Accumulated losses	(10,743,977)	(11,133,316)
TOTAL EQUITY	6,762,163	6,372,825

The financial statements should be read in conjunction with the accompanying notes.

S.S.H. MEDICAL LIMITED ABN 75 070 028 625
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2002

	Economic Entity	
	31 December 2002 $	**31 December 2001 $**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	1,410,257	159,792
Payments to suppliers and employees	(2,893,797)	(1,205,194)
Interest received	58,847	132,673
Net cash (used in) operating activities	(1,424,693)	(912,729)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for - patents	(79,027)	(71,384)
- research and development	(376,052)	(318,385)
- product launch expenditure	-	(2,268,034)
- licenced Hardware equipment	-	(261,144)
Payment for purchase of business	(531,446)	(131,926)
Payment for property, plant and equipment	(129,991)	(97,877)
Net cash (used in) investing activities	(1,116,516)	(3,148,750)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from share issues	-	5,711,386
Payment for share issue costs	-	(376,494)
Repayment of borrowing	(58,725)	(23,810)
Net cash (used in) provided by financing activities	(58,725)	5,311,082
Net (decrease) increase in cash held	(2,599,934)	1,249,603
Opening cash brought forward	3,764,247	5,568,334
Closing cash carried forward	1,164,313	6,817,937

The financial statements should be read in conjunction with the accompanying notes.

S.S.H. MEDICAL LIMITED ABN 75 070 028 625
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2002

Note 1: Basis of Preparation

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.
It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2002 and any public announcements made by S.S.H. Medical Limited and its controlled entity during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.
The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 30 June 2002 annual report.
The half-year report does not include full disclosures of the type normally included in an annual financial report.

S.S.H. MEDICAL LIMITED ABN 75 070 026 625
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2002

	Economic Entity	
Note 2: Loss from Ordinary Activities	31 December 2002 $	31 December 2001 $
The loss from ordinary activities before income tax benefit has been determined after:		
Amortisation of non current assets:		
Research and development expenditure	-	60,494
Patents and trademarks	19,077	16,512
Capitalised licensed hardware	16,272	33,566
Total amortisation of non-current assets	35,349	110,572
Depreciation of non current assets:		
- plant and equipment	103,575	54,980
- leased plant and equipment	45,531	16,692
Total depreciation of non-current assets	149,106	71,672
Borrowing costs:		
Lease finance charges	11,857	8,211
Interest, other	79	12
	11,936	8,223
Provisions:		
Doubtful debts	-	4,500
Employee entitlements	8,452	25,721
Product warranty	-	10,000
	8,452	40,221
Operating lease rentals	88,340	45,476
Other Revenue from ordinary activities:		
Other revenue from operating activities	55,092	-
Grant - export market	122,265	-
Interest - other corporations	58,847	132,673
Insurance payout (see note below)	1,000,000	-
Other revenue from non-operating activities	17,593	240
	1,253,797	132,913

The economic entity on 7 February 2003 received from it's Insurance Underwriters a payout of $1 million in respect of a claim made on the Keyman policy held by the economic entity in relation to the former CEO (Mr Michael Houghton). As at 31 December 2002 the insurance payout had been approved by the insurance assessors and was admissible.

S.S.H. MEDICAL LIMITED ABN 75 070 028 625
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2002

Note 3: Acquisition of business

On 4 October 2002, SSH Medical Limited's subsidiary SSH Medical (Aust.) Pty Limited acquired the business and assets of Oxford Medical Equipment for $531,446. The consideration was in the form of cash. Oxford Medical Equipment principal activity is a manufacturer of stainless steel medical equipment.

Note 4: Segment information
The economic entity's core activities include research, development and manufacture of medical devices and design and assembly of medical and veterinary equipment. The financial information by business segments is as follows:

	Medical devices 2002 $	Medical and Veterinary Equipment design & assembly 2002 $	Economic Entity 2002 $
REVENUE			
External sales	10,295	1,886,855	1,897,150
Total revenue from segment and ordinary activities	1,202,157	1,948,790	3,150,947
RESULT			
Segment result	302,783	(186,845)	115,938
Loss from ordinary activities before income tax (expense)/benefit			115,938
Income tax (expense)/benefit			273,503
Net loss			389,441

The economic entity operated primarily within Australia during the financial year. As a result, the directors have not provided analysis of the secondary geographical segments.

	Economic Entity 31 December 2002	Economic Entity 31 December 2001
Note 5: Contingent Liabilities		
Guarantee on property lease rental	16,269	-

S.S.H. MEDICAL LIMITED (ABN 75 070 028 625) AND ITS CONTROLLED ENTITY

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of S.S.H. Medical Limited, we declare that:

(1) In the opinion of the directors, the financial statements and notes of the economic entity, as set out on pages 2 to 7

(a) comply with Accounting Standards AASB 1029: Interim Financial Reporting and the Corporations Regulations; and

(b) give a true and fair view of the economic entity's financial position as at 31 December 2002 and of its financial performance for the half-year ended on that date, and

(2) in the opinion of the directors, there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board

....
Dr Frank Burke, Chairman

Dated at Seven Hills, NSW this 20th day of February 2003.

Grant Thornton

Chartered Accountants
Business Advisers and Consultants

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF S.S.H. MEDICAL LIMITED

Scope

We have reviewed the financial report of S.S.H. Medical Limited for the half-year ended 31 December 2002, as set out on pages 2 to 7. The financial report includes the financial statements of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year. The company's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the consolidated entity's financial position and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities & Investments Commission/Australian Stock Exchange Limited.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of S.S.H. Medical Limited is not in accordance with:

(a) the Corporations Act 2001, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2002 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

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Inherent Uncertainty Regarding Realisation of Patents and Trademarks and Research and Development Expenditure

Without qualification to the opinion expressed above, attention is drawn to the following matter. As disclosed in the Consolidated Statement of Financial Position, the company has capitalised patents and trademarks with a carrying value of $516,164 and Other Non-Current Assets, comprising capitalised research and development expenditure, with a carrying value of $1,480,438. The ultimate recoupment of the carrying value of carried forward patents and trademarks and research and development expenditure is dependent upon the success of the "re-launch program" of the second generation product and marketability and/or subsequent sales of the technology for a consideration of at least the carrying value of these assets.

Grant Thornton

GRANT THORNTON
Chartered Accountants

A G RIGELE
Partner

Sydney

21 February 2003