22 July 2003

Takeover offer for SSH Medical

Analytica Ltd is pleased to announce that it proposes to make a takeover bid for all of the ordinary shares in listed company, SSH Medical Limited, under Part 6.5 of the *Corporations Act 2001*.

Analytica's strategy is to grow through mergers and acquisitions in the medical and biotechnology industry in Australia. The takeover bid for SSH is the first such acquisition, with more to follow in the future.

SSH is an Australian publicly owned medical device company which specialises in the research and development of disposable specula for application in humans and animals. The Company also has two operating businesses manufacturing equipment for the medical and veterinary industry.

The company today has given notice of its proposal to SSH Medical, for all formal purposes, including under ASX Listing Rule 7.9 (which prevents a listed company from issuing shares whilst the subject of a takeover announcement or bid, except in certain circumstances).

The bid will be made off-market. The essential elements of the proposed bid are:

- The bid will offer one Analytica share for each share held in SSH;
- The bid therefore values the companies approximately equally, after completion of certain transactions also announced today;
- The bid will be subject to acceptances from the holders of at least 75% of the ordinary shares in SSH;
- The bid will be subject to the successful completion of the $3 million rights issue which Analytica has announced today. That issue will be fully underwritten by Australian Technology Innovation Fund Ltd, which is a major shareholder in the Company, as well as in Psiron Limited, which is Analytica's largest shareholder.

Explanation and Discussion

SSH has performed poorly following the launch of the Veda-Scope in July 2001, which has had a severe impact on SSH's revenue, profit, and on the value of the company and its shares. Despite managerial and fiscal changes following the failure of the Veda-Scope launch in 2001, SSH's performance has not significantly improved. The monthly cash outflow in SSH continue to be considerable, $1.25

million in the first five months of this year alone, which has had a severe impact on SSH's cash reserves.

During that same period, Analytica has staged a steady recovery, has had its shares re-quoted on the ASX, and has today:

- Paid out its Deed of Company Arrangement ahead of schedule;
- Concluded plans for the injection of $3 million under a fully underwritten rights issue, which is subject to the takeover progressing;
- Also concluded arrangements for its largest shareholder, Psiron Limited to convert all of its 8 million preference shares to 16 million ordinary shares, along with the remainder of its debt to Psiron, following Analytica's acquisition of the Diagnostic Division approximately 18 months ago.

The transactions with Psiron will be put to shareholders for their approval. Psiron's support of Analytica is also expected to be endorsed by the shareholders.

This will pave the way for the rights issue to raise $3 million which the board has budgeted to fund:

- Analytica's working capital requirements;
- The presently anticipated working capital requirements of SSH, assuming the takeover succeeds;
- Further acquisitions.

Analytica has made this takeover for SSH for the following reasons:

- Through cost savings and proper business management the target for the merged entity is to become break-even within a short period after the takeover is completed; combining the two businesses alone is expected to result in a $0.5 million cost saving;
- Small listed companies in the healthcare and biotechnology sector have difficulties growing their business from a small base. This takeover will increase the critical mass necessary to further progress the business and will put it in a strong position for further acquisitions;
- The merged entity will be well-funded.

The company looks forward to working co-operatively with the board of SSH, to ensure that all other conditions and due diligence requirements can be met, and the takeover offers can be despatched to SSH shareholders as soon as possible.

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