S.S.H.medical Limited

27 February 2004

The Company Announcements Office
Australian Stock Exchange
Level 6, 20 Bridge Street
Sydney
NSW 2000

Dear Sirs

Interim Financial Report

Please find enclosed the interim financial report for SSH Medical Limited and its controlled entities, for the six months ended 31 December 2003.

Yours faithfully

D W Ward
Chief Financial Officer

S.S.H.medical Limited ABN 75 070 028 625
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RELEASE: 27 February 2004

SSH MEDICAL LIMITED ("SSH") RELEASE OF INTERIM FINANCIAL REPORT TO 31 DECEMBER 2003

SSH has today released its Interim Financial Report for the half year to 31 December 2003. The after tax loss for the period was $1,131,119 (2002: profit $389,441). For comparative purposes, the results of both periods were affected by the following items-

	Dec 2003	Dec 2002
Receipts-		
1. Receipt in relation to Keyman Policy Payout	-	1,000,000
2. EMDG Grant receipts	-	122,265
Expenditures-		
3. R&D Expenditure- no longer capitalised but expensed	(207,017)	-
4. Bid by Analytica limited- direct and indirect costs associated with the bid	(130,865)	-
5. Closure of Melbourne factory and relocation to Sydney	(138,304)	-

After adjustment for these non-recurring and other items, the underlying trading loss in the period to 31 December 2003 was $654,933, in comparison the full year result to 30 June 2003 was a trading loss of $2,172,927 after non-recurring and extraneous items.

Manufacturing -

General-

Revenues at $2,484,740 were up by 31% on the corresponding period (2002: $1,897,150) however revenues and the trading result were adversely impacted by a number of factors, in particular the Melbourne operations and their closure.

The Melbourne operations were severely affected by a prolonged downturn in the medical market revenues from early August. As a consequence, the Melbourne operations incurred trading losses during that period, this resulted in the decision to close the Melbourne factory during November and to relocate and centralise production at the Sydney factory. The transfer of the Melbourne plant and inventory to Sydney also impacted upon

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production at the Sydney factory during late November and into December as plant and inventory was merged into the Sydney facility.

The Company maintains a sales presence in the Victorian market and continues to develop its market in that state.

Medical products-

The domestic markets for medical products were depressed to varying degrees during August to November with the most affected market being Victoria. Those markets have started to recover and we look forward to a more stable second half.

The Company has for some time been engaged in developing its medical products export base. This drive for exports has been built around particular niche products. The Company has been successful in developing these niche markets and has commenced increasing export orders. Current exchange rate movements make this a difficult market (hence our focus around niche products) but we anticipate further development of those revenues.

Veterinary products-

Veterinary revenues are derived predominantly from the domestic market and continue to grow in spite of import competition due to current exchange rates.

The in-house developed and manufactured 'Pegasus' equine operating table is creating considerable interest. We are currently in distribution discussions with the second largest veterinary distributor in the US, who have requested distribution rights for the product in that market.

Veterinary Biomedical products-

The company develops and manufactures a range of biomedical products directed at the veterinary market. During the period the Company commercially released the "Easybeat" (vital signs monitor) and the "Easybreathe" (respiratory monitor).

The market acceptance of the vital signs monitor in Australia has been very encouraging and the Company is expanding its marketing and sales of the product within Australia.

The vital signs monitor is a product with considerable potential to improve the revenue and profit base of the company. The company is in advanced discussions with interested distributors in the initial markets of USA, Canada, Japan and the UK. SSH anticipates reporting further on these discussions in the near future.

WS-XII Workstation –

The Company's WS-XII multi-function workstation targeted at the medical market, specifically at General Practitioners, is progressing toward commercialisation. The Company has made application to the Therapeutic Goods Administration to have the product listed and that application is currently under review.

A limited number of units are being produced for practitioner trial, evaluation and any resultant adaptation as part of the pre-release phase for market testing of the product.

Cash resources –

For the period, cash utilised in the business operations from trading activities and investing activities (excluding business acquisitions) decreased from $2,009,763 in 2002 to an amount of $1,100,281 in 2003 [including costs associated with the unsolicited bid from Analytica Limited and costs associated with the closure of Melbourne production facility.

The cessation of manufacturing in Melbourne and its merger with the Sydney production facility, together with other measures should see further reductions in underlying cash outflows from January 2004.

During the period, the Company raised an amount of $1,532,079 (net of issue costs) in capital funds from an issue of Converting Notes and shareholder participation in a Share Purchase Plan. As a result, cash resources at 31 December 2003 stood at $1,632,547.

General –

For further information in relation to SSH Medical Limited and its businesses and products refer to our website www.sshmedical.com .

John E Dunn
MANAGING DIRECTOR / CEO

S.S.H.medical Limited

ABN. 75 070 028 625

Appendix 4D, Preliminary Interim Report

Results for announcement to the market

Current Reporting Period	Previous Reporting Period
Six months ended 31 December 2003	**Six months ended 31 December 2002**

				$
Revenue from ordinary activities	up	31%	to	2,484,740
Profit / (loss) from ordinary activities after tax attributable to members	down		to	(1,131,119)
Net profit / (loss) for the period attributable to members	down		to	(1,131,119)

Dividends / distributions	Amount per security	Franked amount per security
Interim dividend	0.0c	0.0c
Final dividend	0.0c	0.0c

The Directors no not propose or recommend the payment of a dividend

Record date for determining entitlements to the dividend	Not Applicable

Brief explananation of the figures reported above

See attached commentary

Audit

These accounts are in the process of being reviewed, the Directors expect the accounts to be unqualified.

Retained earnings	Six months ended 31 December 2003	Six months ended 31 December 2002
Accumulated losses at the beginning of the financial year	(14,079,672)	(11,133,418)
Interest on converting note	(15,752)	-
Net loss for the six month period	(1,131,119)	389,441
	(15,226,543)	(10,743,977)

Net tangible assets	As at 31 December 2003	As at 31 December 2002
Net asset backing per ordinary share (AU Dollars)	$0.0511	$0.0760

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

AND ITS CONTROLLED ENTITIES

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2003

S.S.H. MEDICAL LIMITED ABN 75 070 028 625
AND ITS CONTROLLED ENTITIES

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2003

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S.S.H. MEDICAL LIMITED
ABN 75 070 028 625
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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 2003.

Directors

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

Dr Frank Burke	(resigned 31 December 2003)
Mr John E Dunn	(appointed 20 August 2003)
Mr John A Maher	(appointed 28 October 2003)
Ms Julie A Nutting	(resigned 19 August 2003)
Mrs Lorna J Stone	
Mr Clemens Van Der Weegen	(resigned 28 November 2003)

Result for the period

The result for the half year to 31 December 2003 was an after tax loss of $1,131,119. This result was impacted by two significant matters resulting in expenditure items totaling $269,169 which are non-recurring or are significant extraneous matters by nature (details of these items are provided in note 3 to the accounts).

Review of operations

Revenues during the period were $2,484,740, an increase of 31% over the previous corresponding period (2002: $1,897,150). Growth in revenues was adversely impacted by depressed market conditions for medical products during the period from August to November, particularly in the Victorian market and constrained the growth rate to 31%.

The WS-XII Workstation has moved from R&D into the first stages of commercialisation. Accordingly expenditure related to the product in this trading period has been treated as a trading item and has impacted the result in the period by $207,017. In the corresponding period R&D expenditure on WS-XII was capitalised.

After adjustment for the non-recurring items and the increased charge to profit arising from the WS-XII entering commercialisation the underlying trading loss in the period to 31 December 2003 was $654,933. In comparison the full year result to 30 June 2003 was a trading loss of $2,172,927 after non-recurring and extraneous items.

Capital raising

During the period under review, the Company raised $1,532,079 (net of costs) through the issue of Converting Notes in October 2003 ($957,718) and a Share Purchase Plan concluded in December 2003 ($574,361).

General

With these issues completed the Board is confident that 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
Mrs L Stone

Lorna Stone

Dated this 27th day of February 2004

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

AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF YEAR ENDED 31 DECEMBER 2003

		Economic Entity	
	Note	**31 December 2003 $**	**31 December 2002 $**
Sales		2,484,740	1,897,150
Cost of sales		(816,974)	(672,628)
Gross profit		1,667,766	1,224,522
Other revenue from ordinary activities	3	143,795	1,253,797
Production expenses		(891,107)	(583,961)
Selling and distribution expenses		(771,630)	(663,723)
Occupancy expenses		(117,519)	(93,080)
Administration expenses		(761,447)	(743,847)
Borrowing costs		(11,467)	(11,857)
Research and development expenses		(305,439)	(61,797)
Other expenses from ordinary activities		(337,231)	(204,116)
(Loss) / profit from ordinary activities before income tax benefit	3	**(1,384,279)**	**115,938**
Income tax benefit relating to ordinary activities		253,160	273,503
(Loss) / profit from ordinary activities after income tax benefit		**(1,131,119)**	**389,441**
Total changes in equity other than those resulting from transactions with owners as owners		**(1,131,119)**	**389,441**
Basic (loss) / earnings per share (cents per share)		(1.4) cents	0.47 cents
Diluted (loss) / earnings per share (cents per share)		(1.4) cents	0.47 cents

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

S.S.H. MEDICAL LIMITED ABN 75 070 028 625
AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2003

	Economic Entity	
	31 December 2003 $	**30 June 2003 $**
CURRENT ASSETS		
Cash assets	1,632,547	1,246,553
Receivables	910,840	870,084
Inventories	1,197,672	1,043,482
Other	150,973	156,942
TOTAL CURRENT ASSETS	3,892,032	3,317,061
NON-CURRENT ASSETS		
Property, plant and equipment	944,379	1,273,367
Intangibles	448,796	446,878
TOTAL NON-CURRENT ASSETS	1,393,175	1,720,245
TOTAL ASSETS	5,285,207	5,037,306
CURRENT LIABILITIES		
Payables	1,080,064	1,143,395
Interest bearing liabilities	92,021	91,393
Provisions	180,371	208,543
TOTAL CURRENT LIABILITIES	1,352,456	1,443,331
NON-CURRENT LIABILITIES		
Interest bearing liabilities	91,813	138,245
TOTAL NON-CURRENT LIABILITIES	91,813	138,245
TOTAL LIABILITIES	1,444,269	1,581,576
NET ASSETS	3,840,938	3,455,730
EQUITY		
Contributed equity	19,067,481	17,535,402
Accumulated losses	(15,226,543)	(14,079,672)
TOTAL EQUITY	3,840,938	3,455,730

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

S.S.H. MEDICAL LIMITED ABN 75 070 028 625
AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2003

	Economic Entity	
	31 December 2003	**31 December 2002**
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	3,092,874	1,410,257
Payments to suppliers and employees	(4,322,766)	(2,893,797)
Borrowing costs	(11,467)	-
Interest received	21,089	58,847
AusIndustry Start Grant	86,000	-
Net cash (used in) operating activities	(1,134,270)	(1,424,693)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for - patents	(18,296)	(79,027)
- research and development	-	(376,052)
Payment for purchase of business	-	(531,446)
Payment for property, plant and equipment	(33,750)	(129,991)
Proceeds from disposal of non current assets	101,787	-
Net cash provided by / (used in) investing activities	49,741	(1,116,516)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from share issues	614,000	-
Proceeds from issue of converting notes	976,000	-
Interest on converting note	(15,752)	-
Payment for share issue costs	(57,921)	-
Repayment of borrowing	(45,804)	(58,725)
Net cash provided by / (used in) financing activities	1,470,523	(58,725)
Net increase / (decrease) in cash held	385,994	(2,599,934)
Opening cash brought forward	1,246,553	3,764,247
Closing cash carried forward	1,632,547	1,164,313

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2003

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 2003 and any public announcements made by S.S.H. Medical Limited and its controlled entities 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 2003 annual report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

Note 2: Going Concern

The economic entity's statement of financial performance shows the consolidated entity incurred losses of $1,131,119 during the half year ended 31 December 2003.

During the period under review the directors undertook a number of measures, including the closure of the Melbourne facility, directed at improving profits and reducing costs. New capital was raised through the issue of converting notes ($976,000 / $957,718 net) and further shareholder participation through a share purchase plan ($614,000 / $574,361 net).

The continuing viability of the consolidated entity is dependant upon its ability to trade profitably and experience positive cashflows in the foreseeable future. The directors believe that the measures taken will enable the entity to continue as a going concern and therefore have prepared the financial statements on this basis.

	Economic Entity	
Note 3: Loss from Ordinary Activities	**31 December 2003**	**31 December 2002**
	$	$
The loss from ordinary activities before income tax benefit has been determined after:		
Amortisation of non current assets:		
Leasehold improvements	951	-
Patents and trademarks	16,378	19,077
Capitalised licensed hardware	-	16,272
Total amortisation of non-current assets	17,329	35,349

S.S.H. MEDICAL LIMITED ABN 75 070 028 625
AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2003

	Economic Entity	
Note 3: Loss from Ordinary Activities (continued)	**31 December 2003**	**31 December 2002**
	$	$
Depreciation of non current assets:		
Plant and equipment	148,123	103,575
Leased plant and equipment	41,221	45,531
Total depreciation of non-current assets	189,344	149,106
Borrowing costs:		
Lease finance charges	7,947	11,857
Interest, other	3,520	79
	11,467	11,936
Provisions:		
Employee entitlements	27,215	8,452
	27,215	8,452
Operating lease rentals	223,833	88,340
Other Revenue from ordinary activities:		
Insurance payout	-	1,000,000
Grant - export market	-	122,265
Other revenue from operating activities	103,679	55,092
Interest - other corporations	21,089	58,847
Other revenue from non-operating activities	19,027	17,593
	143,795	1,253,797
Significant non-recurring expenditure items		
Direct and indirect costs associated with takeover offer	130,865	-
Closure costs – Melbourne facility	138,304	-
	269,169	-

Note 4: Changes to subsidiary undertakings.

In December 2003, SSH Medical Limited's subsidiary SSH Medical (Aust.) Pty Limited completed the transfer of all manufacturing previously carried out in its Bayswater, Victoria facility to its premises at Seven Hills in Sydney. This process resulted in the company incurring costs as detailed in note 3 (above) but will give rise to operational cost savings through the removal of duplication in facilities and improved logistics.

On 30 September 2003 the company incorporated a subsidiary named SSH Medical Workstation Pty Ltd to commercialise the WS-XII workstation.

Note 5: 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 segment for the Period under review and corresponding period last year is as follows:

Six months to 31 December 2003	Medical Devices	Medical and Veterinary Equipment	Economic Entity
	2003	2003	2003
REVENUE	$	$	$
External sales	4,562	2,480,178	2,484,740
Total revenue from segment and ordinary activities	20,978	2,607,557	2,628,535
RESULT			
Segment result	(939,054)	(445,225)	(1,384,279)
Loss from ordinary activities before income tax benefit			(1,384,279)
Income tax benefit			253,160
Net loss			(1,131,119)

Six months to 31 December 2002	Medical Devices	Medical and Veterinary Equipment	Economic Entity
	2002	2002	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 benefit			115,938
Income tax 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 2003	**31 December 2002**
Note 6: Contingent Liabilities		
Guarantee on property lease rental	16,269	16,269

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

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 2003 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

Lorna Stone

Mrs Lorna Stone, Acting Chairman

Dated at Seven Hills, NSW this 27th day of February 2004.

Chartered Accountants
Business Advisers and Consultants

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

Scope

The half-year financial report and directors' responsibility

The half-year financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for the consolidated entity, for the half-year ended 31 December 2003. The consolidated entity comprises both S.S.H Medical Limited (the company) and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the half-year financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the half-year financial report.

Review approach

We conducted an independent review of the half-year 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 half-year financial report is not presented fairly in accordance with Australian 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 half-year financial report with the Australian Securities & Investments Commission and the 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.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

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

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 2003 and of its performance for the half-year ended on that date; and

(ii) complying with Australian Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

Inherent uncertainty regarding continuation as a going concern

Without qualification to the opinion expressed above, attention is drawn to the following matter.

As a result of the matters described in note 2 to the half-year financial report, there is significant uncertainty as to whether the consolidated entity will be able to continue as a going concern and therefore realise it's assets and extinguish it's liabilities in the normal course of business and at the amounts stated in the half-year financial report.

Grant Thornton NSW

GRANT THORNTON NSW
Chartered Accountants

A G RIGELE
Partner

Sydney 27 February 2004