S.S.H.medical

6 May 2004.

Australian Stock Exchange Limited
Level 6
20 Bridge St
SYDNEY NSW

Attn: Mr Sean Ward- Senior Companies Advisor

BY FAX (02) 9241-7620

Dear Sean

Re: Quarterly Appendix 4 C

Further to your letter of 3 May 2004 regarding our recent Appendix 4C to 31 March 2004 and your request for further information in clarification of that Appendix 4C, I provide the following detail in response to each of your questions:-

1. It would be incorrect to conclude that the Company may only have sufficient funds for less than two quarters. Yes, there are other factors that should be taken to account in assessing the company's position. These factors are:-
   - The first quarter of a calendar year is the cyclical low season in the medical and veterinary markets serviced by the Company's manufacturing subsidiary, the second quarter traditionally being significantly higher than the first.
   - The company is due receipt of sizeable grant funds in relation to its R&D Start Grant which sums are anticipated to be received during May.
   - Revenue and costs during the quarter in question have been impacted by the assimilation of equipment and product previously manufactured at the subsidiary's Melbourne plant into its Sydney facility, this process is largely complete.
   - See comments under General Comments below.

2. The Company expects that it will have future negative operating cash flows but not similar to that reported in the Appendix 4C for the quarter just ended. The improvements anticipated arise from-
   - Increased second quarter revenue in the Company's manufacturing subsidiary will improve the cash flow within the Company's manufacturing subsidiary.
   - The commercial launch of the Company's medical workstation product during the current quarter is anticipated to result in a sizeable improvement to trading results. Subject to the level of successful customer uptake of the product, the net cash flow of increased revenues as offset by product launch costs may vary during immediately succeeding quarters. The amount of any net variation is not capable of precise quantification at this time.

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- The acceleration in the rate of rollout of the Easybeat product (as a result of modifications noted below) is anticipated to improve trading results.

3. The actual revenues (adjusted for the matters below) and expenses for the quarter closely matched the revenues and expenses that were anticipated for the period.

   - The months under review were affected by the continued assimilation of the Melbourne production into Sydney facilities, this resulted in delays to product delivery, particularly during March, but did not impact order intake. Orders in hand at present exceed normal levels.
   - The acceleration in expected rollout of the EasyBeat product into both local and export markets was slowed to a rate less than anticipated through a requirement to modify the pulse oximetry function of the product. Work on this modification during March and April has been completed.
   - The advice of an earlier than anticipated TGA approval of the medical workstation and preparations for its launch resulted in an accelerated level of expenditure in inventory procurement, regulatory review costs and software review costs etc.
   - Other operating expenditure has closely matched forecasts.

4. Refer to the comments in 3. above

5. I confirm that the company is in compliance with the listing rules, and in particular, listing rule 3.1.

6. I believe that the company continues to comply with the requirements of listing rule 12.2.

General Comments

The Company has advised that it has received final regulatory approval from the Therapeutic Goods Administration (TGA) to market its medical workstation product in Australia. The Company will be launching this product in the very near future, and in line with normal operations and the commercial needs of that launch, the Board of SSH is closely assessing the cash requirements of the Company.

I trust the above information is of assistance; however should you require any further clarification on any matter, please do not hesitate to contact me.

Yours sincerely

John E Dunn
Managing Director / CEO

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03 May 2004

Mr David Ward
CFO
SSH Medical Limited
Unit B1
26 Powers Road
Seven Hills NSW 2141

By Facsimile: (02) 9643 7600

Dear David

SSH Medical Limited (the "Company")

I refer to the Company's Quarterly Report in the form of Appendix 4C for the period ended 31 March 2004, released to Australian Stock Exchange Limited ("ASX") on 30 April 2004 (the "Appendix 4C").

ASX notes that the Company has reported the following.

1. Revenue for the quarter of $647,000

2. Net negative operating cash flows for the quarter of $744,000.

3. Cash at end of quarter of $857,000.

In light of the information contained in the announcements and the Appendix 4C, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, the Company may only have sufficient cash to fund its activities for less than two quarters? Is this the case, or are there other factors that should be taken into account in assessing the Company's position?

2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?

3. To what extent have the Company's actual revenues and expenses in the quarter, as reported in the Appendix 4C, matched the Company's anticipated revenues and expenses for that reporting period?

4. If the Company's actual revenues and expenses are not substantially in accordance with the Company's anticipated revenues and expenses, when did the Company become aware that its revenues and expenses would not substantially match the anticipated revenues and expenses? You may wish to outline any circumstances that may have had an effect on the Company's revenues and expenses.

5. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?

6. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

ASX reserves the right to publish correspondence. This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on facsimile number (02) 9241 7620. It should <u>not</u> be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **9.30 am E.D.T. on Thursday, 6 May 2004.**

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries regarding any of the above, please let me know.

Yours sincerely

Sean Ward
SENIOR COMPANIES ADVISOR
Direct Line: (02) 9227 0656