S.S.H.medical Limited

5 August 2004

Sean Ward
Senior Companies Advisor
Australian Stock Exchange Limited
Level 6, 20 Bridge Street
Sydney NSW 2000

BY FAX: 02 – 9241 7620

Dear Sean

With respect to your letter of 3 August 2004 regarding our Appendix 4C for the period ended 30 June 2004:

[1] It is incorrect to definitively conclude that the Company may only have sufficient cash to fund its activities for less than two quarters. Board and management changes from 1 July 2004 have resulted in a focus on significant cost reduction and improved revenue generation. Revenue invoiced in July was the best achieved in the last nine months and was significantly higher than the monthly average for the quarter ended 30 June 2004. The Company expects to repeat this result in August and in future months.

[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. Already there has been a marked reduction achieved in the negative operating cash flow in the month of July. Future months should also reflect this trend.

[3] The actual revenues and expenses of the Company in the quarter to 30 June 2004, though not satisfactory, were not substantially different to the Company's anticipated revenues and expenses for that period.

[4] Refer to point 3 above.

[5] The Company confirms it is in compliance with the listing rules, and in particular, listing rule 3.1.

[6] The Company believes it is compliant with listing rule 12.2.

Yours sincerely

Kim McGrath
Chairman

ASX
AUSTRALIAN STOCK EXCHANGE

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3 August 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 30 June 2004, released to Australian Stock Exchange Limited ("ASX") on 30 July 2004 (the "Appendix 4C").

ASX notes that the Company has reported the following.

1. Revenue for the quarter of $815,000

2. Net negative operating cash flows for the quarter of $352,000.

3. Cash at end of quarter of $421,000.

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 Friday, 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
<u>SENIOR COMPANIES ADVISER</u>
Direct Line: (02) 9227 0656