S.S.H.medical Limited

29 October 2004

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

FOR RELEASE TO THE MARKET

Please find attached the Appendix 4C – Commitments Test Entity report for the quarter to 30 September 2004 and a statement regarding the document for release to the market.

David W Ward
Company Secretary

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S.S.H.medical Limited

29 October 2004

ASX Release

STATEMENT ACCOMPANYING APPENDIX 4C

Manufacturing operations for the quarter

The quarter to 30 September 2004 saw an improvement in performance in the Company's main undertaking. During this quarter SSH Medical (Aust) Pty Limited achieved total revenues that were 39% above the quarter ended 30 June 2004 and on a pro rata basis 54% above the six month period ended 30 June 2004.

The increased revenues generated and improved control of costs incurred by the subsidiary led to a significant improvement in trading performance of the operation and losses posted were reduced significantly with a position close to breakeven being achieved. Order intake for the period closely matched revenues generated.

MediStation

SSH Medical Workstation Pty Limited is responsible for the commercialisation of the MediStation. As previously advised the MediStation has been identified as a medical device that is the first of its kind available in Australia, if not the world. The MediStation has been developed to provide the medical profession with a front end capture device that, whilst performing medical examinations, can store a digital record of either, images taken with a digital camera or the results of procedures utilising the ECG, Spirometer or Blood Pressure Monitor.

The Australian Federal Government is developing a policy that will result in the introduction of electronic health records into clinics, hospitals and surgeries. MediStation is well placed to take advantage of this policy as it develops.

The implementation of the Medilinkxp suite of software also enables the MediStation to become a "turnkey" device for use in remote locations and would enable the setup of surgeries in (for example) mining operations, correctional facilities etc.

The business is yet to receive its first orders for the MediStation and is therefore operating at a trading loss and is cash flow negative.

Parent company operations

As mentioned in the annual report SSH Medical Limited now acts as a holding company to the two subsidiaries above and has reduced its operating costs significantly since 1 July. Accordingly the operation has reduced its cash burn considerably to an average of less than $45,000 per month.

The number of employees in the parent company has been reduced to two persons and the Board of Directors has reduced from five members to three. Other expenses are being closely monitored to minimise cash outflows.

Cash flow

Despite the improvements noted above the consolidated cash balances of the group of companies has reduced from its year end position of $442,000 to $280,000, a net reduction of $142,000.

Future trading

The group's ability to achieve a net positive cash flow is closely linked to the operations of the manufacturing subsidiary and its ability to increase revenue beyond levels achieved in the first quarter of the year. The Directors of SSH Medical Limited are confident that this can be achieved but recognise that in order to do so there would need to be considerable further investment in the business.

Given that the financial resources of the economic entity of SSH Medical Limited are strained and are not sufficient to fund this further investment in SSH Medical (Aust) Pty Limited the Directors believe the best interests of the Company lie in concentrating on the commercialisation of the MediStation and have resolved to divest the manufacturing subsidiary.

The Company has announced to the market that it has it has entered into a binding contract, subject to approval of shareholders, for the sale of the share capital of SSH Medical (Aust) Pty Limited. The sale agreement provides SSH Medical Limited with cash of $1.0 to $1.2 million (subject to adjustment for on-going trading and due diligence) and allows the Company to focus on the development and commercialisation of medical devices such as the MediStation. The agreement of shareholders is being sought to this sale at the Company's Annual General Meeting on 19 November 2004.

Since the start of the financial year the Company has presented the MediStation at medical conferences and seminars and the feedback from these demonstrations has been positive. The Company is hopeful that it will announce sales of the device before the end of the calendar year.

K W McGrath
Chairman

Rule 4.7B

Appendix 4C

Quarterly report
for entities admitted
on the basis of commitments

Introduced 31/3/2000.

Name of entity

SSH Medical Limited

ACN or ARBN	Quarter ended
75-070-028-625	**30-Sep-04**

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter $A'000	Year to date (12 months) $A'000
1.1	Receipts from customers	1,249	1,249
1.2	Payments for		
	(a) staff costs	(534)	(534)
	(b) advertising and marketing	(4)	(4)
	(c) research and development		
	(d) leased assets		
	(e) other working capital	(777)	(777)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	1	1
1.5	Interest and other costs of finance paid	(2)	(2)
1.6	Income taxes paid		
1.7a	Other - R&D Start Grant Funding		
1.7b	Other - R&D Income Tax Concession		
	Net operating cash flows	**(67)**	**(67)**

NOTES:

Please see enclosed statement.

		Current quarter $A'000	Year to date (12 months) $A'000
1.8	Net operating cash flows (carried forward)	(67)	(67)
	Cash flows related to investing activities		
1.9	**Payment for acquisition of:**		
	(a) Businesses (Item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	-
	Proceeds from disposal of:	-	-
1.10	(a) Businesses (Item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	(36)	(36)
	(e) other non-current assets	-	-
		-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other: Receipts from Research and Development Grant	-	-
	Net investing cash flows	**(36)**	**(36)**
1.14	**Total operating and investing cash flows**	**(103)**	**(103)**
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	-	-
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings		
1.18	Repayment of borrowings	(23)	(23)
1.19	Dividends paid	-	-
1.20	Other:		
	Proceeds from issue of converting notes	-	-
	Interest paid on converting notes	(16)	(16)
	Costs of share Issue and listing	-	-
	Net financing cash flows	(39)	(39)
	Net increase (decrease) in cash held	**(142)**	**(142)**
1.21	Cash at beginning of quarter/year to date	422	422
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	**Cash at end of quarter**	**280**	**280**

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	**NIL**
1.25	Aggregate amount of loans to the parties included in item 1.11	**NIL**

1.26 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

NIL

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	**NIL**	**NIL**
3.2	Credit standby arrangements	**NIL**	**NIL**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
4.1	Cash on hand and at bank	280	124
4.2	Deposits at call	-	297
4.3	Bank overdraft		
4.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	**280**	**421**

Acquisitions and disposals of business entities

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	N/A	N/A
5.2	Place of incorporation or registration	N/A	N/A
5.3	Consideration for acquisition or disposal	N/A	N/A
5.4	Total net assets	N/A	N/A
5.5	Nature of business	N/A	N/A

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act 2001 (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2 This statement **does** give a true and fair view of the matters disclosed.

Sign here: .... Date: ....
(Company secretary)

Print name: **David W Ward**

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.

- 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
- 9.2 - itemised disclosure relating to acquisitions
- 9.4 - itemised disclosure relating to disposals
- 12.1(a - policy for classification of cash items
- 12.3 - disclosure of restrictions on use of cash
- 13.1 - comparative information

3 **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.