S.S.H.medical Limited

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

16 September 2005

For release to the market.

SSH accepting applications under Prospectus dated 8 September 2005

Key messages
- **SSH to acquire Bio-Layer, a promising material science company**
- **Proven technology used in diagnostic assays**
- **Bio-Layer technology already used in four commercial applications**
- **Bio-Layer's technology is applicable to existing and new diagnostic tests, with relatively short regulatory approval timelines**

16 September 2005: SSH Medical (ASX: SSH) today started accepting applications for subscriptions against the Prospectus being made to raise $4,256,000 through the issue of 15,200,000 shares at AU$0.28. A total of 7,600,000 of listed, tradable Options will also be issued, free of charge, on a one for two basis.

Sale of the new shares on offer will provide working capital needed to accelerate the commercialisation of Bio-Layer Pty Limited ("Bio-Layer"), a promising material science company that is being acquired by SSH.

Bio-Layer's biological surface-coating technology improves the effectiveness of existing diagnostic tests and is already incorporated into four commercial products sold by the company's US distribution partners.

The proprietary surface-coating technology aligns and protects the antibodies used in diagnostic tests in a way that optimises function and thereby improves the performance of the test. The surface holds the antibody-bound test component firmly to produce a more robust, reliable test.

Importantly, by simplifying manufacturing processes and decreasing batch-to-batch variability, the Bio-Layer coating also reduces the manufacturing costs of the test.

Bio-Layer technology anticipates that revenue will come from product development fees, licensing fees and a royalty stream – estimated at 2–10% of sales for a diagnostic test incorporating the technology.

"Bio-Layer is working with some of the world's largest diagnostic companies to improve tests that are already available and to develop new tests that are not feasible with existing technology. Our proven technology has already been successfully incorporated into a number of diagnostic tests on the market," said Dr Jason Armstrong, CEO of Bio-Layer.

"Advantages of our business are that we do not compete directly with global diagnostic companies and we have a relatively short product approval process compared to drug discovery companies," Dr Armstrong added.

The clinical diagnostic test market is estimated to be about US$6–7 billion.

The Offer is being sponsored by eG Capital and is being made to SSH's existing 2,300 shareholders, clients of eG Capital and selected participating brokers. Prior to the capital raising, it is anticipated that SSH will be undertaking a 10 for 1 share consolidation.

The prospectus can be downloaded at: www.egcapital.com

About SSH Medical

SSH Medical was incorporated to complete the development and commercialisation of the VedaScope®. However, despite its technical merits the product was not a commercial success. Current commercial returns from the VedaScope® business are negligible.

SSH's other operation MediStation, is being divested as part of the overall transaction. SSH will retain an interest in MediStation through holding approximately 19.1% of the ordinary share capital in the company acquiring the business.

This passive investment will allow SSH to benefit from any potential future upside achieved from commercialisation of MediStation, whilst not bearing any ongoing financial risk associated with the continuing development of the product.

SSH is proposing to acquire Bio-Layer, a revenue-generating material science company. This is the first stage in a transformation of SSH into a company focused on the commercialisation of innovative materials science technology.

About Bio-Layer
Bio-Layer is an Australian company incorporated in 1999 that has developed a platform for the rapid design of novel materials for the biotechnology, diagnostics and pharmaceutical industries. The initial focus of the business has been the development of technology based on materials science that changes the way in which immunoassays (clinical disease diagnostics) are developed and manufactured.

The Bio-Layer technology achieves three key goals for its commercial customers:

- Enhanced assay performance
- Improved sensitivity
- Lower manufacturing costs

The technology has been commercially validated and is currently used in four diagnostic assays for research applications.

For further information:

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