



Eastland Medical
Systems LTD

27 July, 2004

The Manager,
The Company Announcements Platform,
Australian Stock Exchange Limited,
Level 4,
20 Bridge Street,
Sydney. N.S.W. 2000.

By E-Lodgement of 8 pages

Dear Sir,

Appendix 4C: Quarterly Activities Report-Fourth Quarter Report.

In term of Listing Rule 4.7B, we enclose the Appendix 4C along with a summary of highlights for the Quarter ending 30 June 2004.

Yours sincerely,


.....
T.P. Strahan.
Company Secretary.

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EASTLAND MEDICAL SYSTEMS LIMITED

QUARTERLY ACTIVITIES REPORT PERIOD ENDING 30 JUNE 2004

HIGHLIGHTS

- The Company has experienced a solid quarter's performance with both businesses making a strong contribution closing out the June quarter with cash at hand of \$3.767 million.
- Revenues increased to \$1.870 million on the back of strong performance from all businesses within the Eastland group.
- Medical Industries Australia (MIA) revenues increased 11% to \$1.714 million
- Acquisition of the patents, trademarks and worldwide rights for the Australian designed "**Cleensleeve**" product, a product for the medical and forensic industries that complements the existing range of consumable products for the MIA business
- Steady progress in the implementation of the Precision Angular Presentation (P.A.P) grinding technology with transfer of the completed production line scheduled for completion during the September quarter, complete with robotics, conveyor systems, in-line quality control systems and the complete integration of the Company's patented P.A.P fine grinding needle head.

OVERVIEW

During the June quarter, the Company's steady progress continued with improved performance from all parts of the Eastland business.

From an operational perspective, the Company continues to make steady advancement with the implementation of its revolutionary P.A.P needle grinding technology and expects to complete the full integration of the manufacturing facility during the September quarter.

The Company continues to strengthen its financial position with improved revenue performance. The Company considers the closing results to the 2003/4 financial year a strong indication of the success of the strategies implemented to date. With the acquisition program that has established the Company's sales, marketing, manufacturing and distribution channels almost complete, the year ahead is expected to deliver significant contract success.

OPERATIONS

Sales activity for the quarter was stronger in all parts of the Eastland business and this improvement continues the trend from the previous quarter.

Sales for the Medical Industries Australia (MIA) business increased to \$1.714 million, up 11% compared with the previous quarter. MIA's results for the June quarter were also up an impressive 13% compared with sales recorded for the December quarter, the first operating quarter in the Eastland business.

Acquisitions

During the quarter, Eastland completed the acquisition of the patents, trademarks and worldwide rights for the "**Cleensleeve**" product.

This innovative Australian invented and designed product is used in conjunction with conventional surgical gloves and provides protection to its wearers up to the upper arm. The product is ideally suited to use in the forensic, food handling and medical industries and is already supplied to the South Australian police forensic department where it is considered indispensable.

"**Cleensleeve**" will be sold through the MIA business and will further enhance the range of consumable products supplied to a range of industries.

Manufacturing

During the quarter, a number of advancements have occurred strengthening the manufacturing strategies of the Eastland group.

China Manufacturing and Licensing Agreement

As reported to the market during the period under review, Eastland has made significant progress in finalising a comprehensive manufacturing agreement in China. Final details of this exciting opportunity will be announced upon formal execution of the agreement, but the initial agreement will cover the patented safe needle product "**ClipOn**".

The Company is pleased to report that it is also close to finalising a comprehensive license agreement for the Chinese market to coincide with the manufacturing agreement described above. It is expected that final negotiations will be concluded in the near future.

The licensing agreement, once executed, will provide the Chinese partner with the right to market the products in their local market. The Chinese market is seen as a major opportunity for Eastland's safe devices. With a population of almost 1.5 billion people and an extremely high incidence of communicable diseases, particularly hepatitis, Eastland is confident of developing substantial sales in this market.

Eastland will generate revenues directly from this agreement as well as ongoing revenues from royalties associated with product sales.

Implementation of PAP technology

The Company has made steady progress in the implementation of its revolutionary PAP angular grinding technology through the PSP facility in Portland Victoria.

Successful testing of the grinding capabilities continues and final integration of the grinding machine with associated robotics will see the Company's first commercial production before the end of 2004.

FINANCIAL

The June quarter results for the group were again an extremely positive result compared with the previous quarter and continue the improving trend for the Company throughout the full year.

Group revenues for the quarter increased to \$1.870 million, an increase of 7% on the previous quarter. YTD revenues were a total of \$5.512 million including license fees, interest and foreign exchange contributions.

Financial highlights are summarised as follows:

- **Revenue increased to \$1.870 million providing the third straight quarterly increase in revenue**
- **Net operating cash flows in line with expectations at -\$594k**
- **Cash at hand of \$3.767 million**
- **Trade finance facility increased by \$797k matched by back-to-back customer orders for delivery during September quarter**

The Company's financial results are considered to be in line with projections and with the acquisition activities that have taken place throughout the year, position the company for a strong 2004/5 financial performance.



.....
F.D. O'Sullivan.
Chief Executive Officer.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

EASTLAND MEDICAL SYSTEMS LTD

ABN

35 090 987 250

Quarter ended ("current quarter")

30 June, 2004.

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	1,870	4,907
1.2 Payments for		
(a) staff costs	(658)	(1,516)
(b) advertising and marketing	(11)	(21)
(c) research and development	(122)	(348)
(d) leased assets	(1)	(4)
(e) other working capital	(1,700)	(4,802)
1.3 Dividends received	0	0
1.4 Interest and other items of a similar nature received	63	157
1.5 Interest and other costs of finance paid	(35)	(84)
1.6 Income taxes paid	0	0
1.7 Other (provide details if material)		
Taxation refunds of with holdings	0	0
Net operating cash flows	(594)	(1,711)

	Current quarter \$A'000	Year to date (...12.. months) \$A'000
1.8 Net operating cash flows (carried forward)	(594)	(1,711)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	0	(4,686)
(b) equity investments	0	(62)
(c) intellectual property/goodwill	0	(681)
(d) physical non-current assets	(314)	(419)
(e) other non-current assets	0	0
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	0	0
(b) equity investments	0	0
(c) intellectual property	0	0
(d) physical non-current assets	0	2
(e) other non-current assets	0	0
1.11 Loans to other entities/subsidiaries	345	(50)
1.12 Loans repaid by other entities	0	135
1.13 Other	0	0
Net investing cash flows	31	(5,761)
1.14 Total operating and investing cash flows	(563)	(7,472)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	0	10,993
1.16 Proceeds from sale of forfeited shares	0	0
1.17 Proceeds from borrowings	0	68
1.18 Repayment of borrowings	(3)	(9)
1.19 Dividends paid	0	0
1.20 Other (provide details if material)		
-Capital raising costs	(21)	(538)
Net financing cash flows	(24)	10,514
Net increase (decrease) in cash held	(587)	3,042
1.21 Cash at beginning of quarter/year to date	4,354	725
1.22 Exchange rate adjustments to item 1.20	0	0
1.23 Cash at end of quarter	3,767	3,767

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	\$42
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

Payment of Directors fees for quarter to 30 June, 2004.

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

N/a

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

N/a

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	\$300	\$249
3.2	Credit standby arrangements	\$1,500	\$1,468

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	761	3,053
4.2 Deposits at call	3,020	1,350
4.3 Bank overdraft	(14)	(49)
4.4 Other (provide details)	0	0
Total: cash at end of quarter (item 1.22)	3,767	4,354

Acquisitions and disposals of business entities

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

Note:**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does ~~/does not*~~ (delete one) give a true and fair view of the matters disclosed.

Sign here: 

(Company Secretary)

Print name: Trevor Strahan

Date: 27 July 2004.