



Eastland Medical  
Systems LTD

27 October, 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 6 pages**

Dear Sir,

**Appendix 4C: Quarterly Activities Report-First 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 September 2004.

Yours sincerely,

T.P. Strahan.  
Company Secretary.

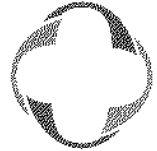
Unit 6  
680 Murray Street  
West Perth  
Western Australia  
6005

PO Box 898  
West Perth  
Western Australia  
6872

||| 61 8 9481 1844  
|F 61 8 9486 4998

ACH 090 987 250

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### MARKET UPDATE ON FINANCIAL RESULTS

Following the release of the Quarterly Report and Appendix 4C, the Directors of Eastland Medical Systems LTD (Eastland) would like to provide the following update to the market on the business activities of the Company.

#### Highlights

▪ **Strong Cash Position**

The Company currently has cash at hand of \$3.151 million at the end of the September quarter

▪ **Increased Revenues**

Revenues increased by 8.5% to \$2.029 million due mainly to new product introductions. This is an extremely positive indication for continued growth for the Medical Industries Australia (MIA) business as these new products continue to take market share.

▪ **Reduced Net operating cash outflows**

Improved reporting systems and ongoing close attention to financial management has contributed to a reduction in cash outflows by \$209k to -\$385k, down from -\$594k for the previous reporting period.

▪ **PAP Commercialisation**

As the first PAP production line nears completion, total net cash outflows increased marginally to -\$616k, up from -\$587k for the previous reporting period. Major items of capital expenditure accounted for \$312k. This reflects the ongoing investment in plant & equipment required as part of the commercial development of the PAP technology. Research & Development costs for the quarter amounted to \$49k

▪ **Additions to Patent & Technology portfolio**

During the quarter Eastland acquired the patents and trademarks for "CleenSleeve". This unique product has significant safety implications across many industries by reducing the possibility for the contamination of skin and clothing by protecting the arms of the user. Packaging design is now complete and large scale production is in place. Responses from initial samples have been extremely positive across many industry sectors from the food processing industry to Police and Emergency Services. First orders have been secured from St John Ambulance.

For further information, please contact Mr David Whitelaw, Marketing and Sales Director or myself.

DON O'SULLIVAN

MANAGING DIRECTOR.

E-mail: [eastland@eastlandmedical.com.au](mailto:eastland@eastlandmedical.com.au)

Unit 6  
680 Murray Street  
West Perth  
Western Australia  
6005

PO Box 898  
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F: 61 8 9486 4098

ACN 090 987 250

# 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 September, 2004.

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date ( 3 months) \$A'000
1.1 Receipts from customers	2,029	2,029
1.2 Payments for		
(a) staff costs	(460)	(460)
(b) advertising and marketing	(20)	(20)
(c) research and development	(49)	(49)
(d) leased assets	(1)	(1)
(e) other working capital	(1,902)	(1,902)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	27	27
1.5 Interest and other costs of finance paid	(9)	(9)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net operating cash flows</b>	<b>(385)</b>	<b>(385)</b>

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A'000	Year to date (...3.. months) \$A'000
1.8 Net operating cash flows (carried forward)	(385)	(385)
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	(10)	(10)
(d) physical non-current assets	(312)	(312)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities/subsidiaries	104	104
1.13 Other	-	-
<b>Net investing cash flows</b>	<b>(218)</b>	<b>(218)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(603)</b>	<b>(603)</b>
<b>Cash flows related to financing activities</b>		
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	(13)	(13)
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
-Capital raising costs	-	-
<b>Net financing cash flows</b>	<b>(13)</b>	<b>(13)</b>
<b>Net increase (decrease) in cash held</b>	<b>(616)</b>	<b>(616)</b>
1.21 Cash at beginning of quarter/year to date	3,767	3,767
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 <b>Cash at end of quarter</b>	<b>3,151</b>	<b>3,151</b>

+ See chapter 19 for defined terms.

**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	\$21
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 September, 2003.	

**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	\$280
3.2	Credit standby arrangements	Nil	Nil

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+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

**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	753	761
4.2 Deposits at call	2,443	3,020
4.3 Bank overdraft	(45)	(14)
4.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,151</b>	<b>3,767</b>


**Acquisitions and disposals of business entities**

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
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**

- 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.
- This statement does ~~not~~\* *(delete one)* give a true and fair view of the matters disclosed.

Sign here: .....  ..... Date: 27 October 2004.  
 (Company Secretary)

Print name: Trevor Strahan.

+ See chapter 19 for defined terms.