MEDICALTHERAPIES

ASX ANNOUNCEMENT

Medical Therapies Ltd Appendix 4C

Sydney, Australia, Medical Therapies Limited (ASX: MTY) announces the lodgment of their Appendix 4C Quarterly report for 31 March 2007.

Mr Malcom Castle, Interim Chief Executive Officer, said, "We closed the March quarter with a cash balance of $1.84 million. I am pleased that the cash burn rate for the March quarter has been reduced substantially, to $0.69 million, compared with $0.99 million in the December 2006 quarter, without impairing our business activities.

"We are also pleased to announce that we closed off our convertible notes issue in March. This issue raised $1.83 million by placement to sophisticated and professional investors." he said.

"Two board committee changes will occur next week, Medical Therapies' Chairman, Professor Mike Vitale, will take over the chairmanship of the Remuneration Committee and I will become Chairman of the Audit Committee," concluded Mr Castle.

END

For further information contact:

Malcom Castle,
Interim CEO
Tel: +61 2 9889 1222

Rule 4.7B

Appendix 4C

Quarterly report
for entities admitted
on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

MEDICAL THERAPIES LIMITED

ABN	Quarter ended ("current quarter")
69 111 304 119	31 MARCH 2007

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (..9...months) $A'000
	Cash flows related to operating activities		
1.1	Receipts from customers		
1.2	Payments for (a) staff costs	(276)	(868)
	(b) advertising and marketing		
	(c) research and development	(174)	(917)
	(d) leased assets		
	(e) other working capital	(264)	(480)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	16	61
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other		
	Net operating cash flows	(698)	(2,204)

+ See chapter 19 for defined terms.

		Current quarter $A'000	Year to date (...9...months) $A'000
1.8	Net operating cash flows (carried forward)	(698)	(2,204)
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)		
	(b) equity investments		
	(c) intellectual property	(5)	(79)
	(d) physical non-current assets	(10)	(98)
	(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		
1.13	Other (provide details if material)		
	Net investing cash flows	(15)	(177)
1.14	**Total operating and investing cash flows**	(713)	(2,381)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.		8
1.16	Proceeds from sale of forfeited shares		
1.17	Proceeds from borrowings	1,826	1,826
1.18	Repayment of borrowings	(15)	(61)
1.19	Dividends paid		
1.20	Other – equity transaction costs		
	Net financing cash flows	1,811	1,773
	Net increase (decrease) in cash held	1,098	(608)
1.21	Cash at beginning of quarter/year to date	741	2,447
1.22	Exchange rate adjustments to item 1.20		
1.23	**Cash at end of quarter**	1,839	1,839

+ 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	49
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

The amount disclosed is all of the payments to directors and related parties in the quarter. $49k is included in 1.2 (a).

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

+ See chapter 19 for defined terms.

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	1,839	741
4.2 Deposits at call		
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.23)	1,839	741

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		

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 give a true and fair view of the matters disclosed.

Sign here: M J Castle

Director
Date: 12 April 2007
Print name: Malcom J Castle

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.

+ See chapter 19 for defined terms.