NOTES TO APPENDIX 4C QUARTERLY REPORT

These notes are intended to provide further detail for the above report and should be read in conjunction with that report.

1.15 Proceeds from issue of shares, options etc

Relates to the issue in the September quarter of a Convertible Note with a face value of $250,000. The proceeds are being used to assist fund the accelerated rollout of the National Alarm Response (NAR) system and ECSI security enhancements in China. The Note is convertible at the lower of market price and $0.40 at any time after twelve months through to maturity in two years.

1.20 Other

Relates to the project facility provided to Jeton under the revised Jeton Technical and Investment Co-operation agreement. As previously announced under the revised agreement ECSI is entitled to 25% of the current and future profits generated from the base National Alarm Response (NAR) system. ECSI has provided Jeton with a project facility of RMB 49,000,000 (A$9.8m). This facility will be used by Jeton to fund the rapid expansion of the NAR system. The facility is being progressively repaid over the next 9 months.

1.22 Exchange rate adjustments

A significant amount of the entity's cash from last years prospectus raising is held in China as Renminbi (RMB). The RMB is a government regulated currency and typically trades in a tight range around the USD.

Due to strong appreciation recorded by the AUD against the USD in the March quarter, the value of the entity's holding of RMB (in AUD terms) has recorded a downward adjustment in recent months of

$745,000. This is a non-cash movement and fully reverses the exchange rate adjustments in the December quarter.

3.1 Loan Facilities

All loan facilities of the entity are unsecured.

Several companies associated with Directors' of the entity have provided loan facilities of $961,404. These are non-interest bearing and have no fixed repayment schedule.

An overseas, independent person has provided a loan facility of $214,975 to the entity. Interest is charged at 8% pa, accruing in arrears. Repayment is not due until July 2003.

A domestic, independent company has provided a loan facility of $19,750. Interest is charged at 8% pa and repayment is due within the next 3 months.

A domestic financial institution has provided a loan facility of $51,998. This is non-interest bearing and has no fixed repayment schedule.

A $250,000 Convertible Note was issued during the September quarter. This is redeemable into ordinary fully paid shares of the entity at the sole discretion of the Noteholder. Interest is payable at 10% pa, payable semi-annually in arrears.

For further queries please contact Terry Stone or Stacey Green, joint company secretaries, on (02) 6241 3311 or email info@e-control.com.au