

MEDICAL MONITORS LIMITED AND CONTROLLED ENTITIES

Notes for the Quarterly Report to June 30, 2003

The Company is pleased to announce that it has achieved a number of significant milestones over the past quarter. In particular, it has completed a number of first phase sales with top tier international pharmaceutical companies, for Medical Monitors' product and services.

Sales revenue increased over the quarter to \$394,000, with almost \$1,000,000 of revenue received over the financial year. This represents a significant turnaround for the Company from the previous year, and the Directors expect the Company to be in a 'cash positive' position in the coming months. Recent ASX releases have highlighted further significant sales revenue opportunities for the Company, in Australia and overseas.

The Company has significantly rationalised its cost base and further improvements continue to be made. The payments associated with the products and services were close to budget over the quarter. A recent private placement of shares raised a further \$325,000 for working capital. Anticipated progressive sales revenue could amount to more than \$5 million from all activities over the next 12 months, if current opportunities are successfully concluded .

A review of the quarterly activities includes:

- US-based pharmaceutical company Biovail Pharmaceuticals has commenced a hypertension study using the BPfone™ monitor to evaluate their blood pressure drug in the USA. As previously stated, multi-level 'drug evaluation trials' will provide significant sales opportunities for the BPfone™.
- The Company has been given FDA approval for the PER cardiac rhythm monitor - Medical Monitors' portable ECG recorder – to be sold and marketed in the USA. The ECG monitoring market in the USA is highly profitable and is estimated to generate in excess of USD\$150 million per year. According to Frost & Sullivan (2003), products used for cardiac investigation, such as the PER, account for about 16 percent of the total medical devices market. The cardiology devices market is expected to grow at a rate of 14 percent over the next 5 years.
- Professor Bryan Williams, a leading British and international hypertension specialist, has accepted an appointment as medical advisor to Medical Monitors. Professor Bryan Williams will provide counsel and expertise on hypertension management in the UK National Health Service, as well as with the pharmaceutical and medical industry.
- In conjunction with Professor Williams, Medical Monitors is launching the world's largest hypertension (high blood pressure) program in the United Kingdom (UK), based on the BPfone™ and monitoring service. The program will see 1,000 GPs initially participating in the program and will then be extended nationally to 10,000 GPs over a six-month period, with 50,000 patients managed within the first 18 months. It is anticipated that revenue from these activities will be generated through sponsorship by major pharmaceutical companies.

- The Telesalute Monitoring Service has commenced its operation in Italy with the BPfone™. Initial sales have been in association with a top-tier pharmaceutical company to evaluate a blood pressure management program. It is expected that subsequent sales revenues will be generated after the evaluation phase.
- The Company has recently initiated the \$660,000 'line of credit', provided through Provident Capital, for inventory costs. This will allow for more efficient use of working capital and provide the Company with the necessary funding to build its inventory base in order to meet expected BPfone™ demand.

The Directors are very confident of the continuing success for the Company's products and services. The increasing sales revenues, anticipated over the coming months, will provide a sound base for the Company to expand its current sales and marketing programs in Australia and overseas.

Dr Allan Shell
Managing Director

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Name of entity

Medical Monitors Limited

ABN

009 161 522

Quarter ended ("current quarter")

30 JUNE 2003

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	394	941
1.2 Payments for		
(a) staff costs	(111)	(455)
(b) advertising and marketing	(163)	(596)
(c) research and development	(156)	(691)
(d) leased assets	-	(18)
(e) other working capital	(403)	(1,001)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	6
1.5 Interest and other costs of finance paid	(8)	(91)
1.6 Income taxes paid	-	-
1.7 Other (Govt Grants)	12	366
Net operating cash flows	(434)	(1,539)

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

		Current quarter \$A'000	Year to date (12... months) \$A'000
1.8	Net operating cash flows (carried forward)	(434)	(1,539)
Cash flows related to investing activities			
1.9	Payment for acquisition of: (a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	(6)
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	-	325
1.11	Loans to other entities	-	(655)
1.12	Loans repaid by other entities	-	-
1.13	Other (provide details if material)	-	40
		-	(296)
	Net investing cash flows		
1.14	Total operating and investing cash flows	(434)	(1,835)
Cash flows related to financing activities			
1.15	Proceeds from issues of shares, options, etc.	-	717
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	326	1,260
1.18	Repayment of borrowings	(42)	(85)
1.19	Dividends paid	-	-
1.20	Other (Security Deposit)	-	(150)
		284	1,742
	Net financing cash flows		
		(150)	(93)
	Net increase (decrease) in cash held		
1.21	Cash at beginning of quarter/year to date	245	188
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	Cash at end of quarter	95	95

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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	98
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

Consultancy fees paid to research entities controlled by directors.

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

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

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	660	660
3.2	Credit standby arrangements		

Appendix 4C
Quarterly report for entities
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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	95	245
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	95	245

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		
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:



Date: 31 July 2003

Print name: **Dr Allan Shell**
 Director