MONITORS MEDICAL
ABN 68 009 161 522

5 November 2003

Ms Marian Tang
Companies Adviser
ASX Limited
Perth WA 6000

By Fax: 08 9221 2020

Dear Marian

Response to ASX Query and MEDICAL MONITORS LIMITED (the "Company")

The Company responds to the various questions raised in your letter of 5 November 2003, with reference to the Company's Quarterly Report to 30 September 2003, ("the Appendix 4C ").

1. The Company's cash position at the end of the quarter was within expectation for the quarter, as this included payments for the ongoing manufacture of inventory, R&D, and one off payments related to infrastructure costs for establishing the monitoring service, in the UK. As announced to the ASX today, the Company has signed a letter of intent, through its subsidiary E-Medicine Services, confirming financial, marketing and promotional support from Pfizer Global Pharmaceuticals. The Company anticipates significant revenue to be generated from this programme and other revenue from the provision of monitoring on behalf of other leading pharmaceutical companies in the UK

In addition, we confirm that anticipated revenues from activities, in the UK, Italy and the USA, will provide sufficient working capital to fund the Company's operations. The Company is aware of its cash flow commitments and will be able to meet those commitments.

2. As anticipated, the Company had a negative operating cash flow for the quarter, but expects that it will achieve a positive cash flow in the next quarter. The Company expects increasing revenues from its business in the UK, the USA and Italy. In addition, the Company is actively assessing other avenues to raise capital in the short term, should a positive cash flow not be achieved by the end of the quarter.

3. The normal expenses, as set out in the Appendix 4C, were in line with expectation for the quarter. The revenues were in line with expectation, except for a delay in revenue from the UK which is now expected to occur in the current quarter.

4. Not applicable.

5. The Company remains committed to the business objectives and strategies as set out in the Company's Annual Report 2003, as sent to all Shareholders. In principal, the business objectives have not changed and, since re-listing, new opportunities have been identified, to

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develop the Company into a highly profitable and cash flow positive business. This has been communicated to the market on a regular basis.

As previously announced, the Company has also negotiated an increase in its 'line of credit' facility, to provide for over $1.0 million, as and when required. This facility can be provided to the Company to meet its objectives -should that need occur. This will ensure that it has sufficient funds to continue with its operations both locally and internationally.

6. The Company confirms its continuing compliance with the ASX Listing Rules and, in particular, Listing Rule 3.1.

7. The Company considers that its financial position (including operating results) continues to satisfy Listing Rule 12.2.

Yours faithfully

Dr Allan Shell
Managing Director

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ASX

AUSTRALIAN STOCK EXCHANGE

FAXED

3 November 2003

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EAST GARDENS NSW 2036

By facsimile: (02) 9344 8200

Dear Geoff and Richard

MEDICAL MONITORS LIMITED (the "Company")

We refer to the Company's Quarterly Report in the form of Appendix 4C for the period ended 30 September 2003, released to Australian Stock Exchange Limited ("ASX") on 31 October 2003, (the "Appendix 4C").

ASX notes that the Company has reported the following.

1. Receipts from customers of $100,000.

2. Net negative operating cash flows for the quarter of $836,000.

3. Cash at end of quarter of $521,000.

4. Unused loan facilities of $76,000

In light of the information contained in the Appendix 4C, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, the Company may only have sufficient cash to fund its activities for one quarter. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?

2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?

3. To what extent have the Company's actual revenues and expenses in the quarter, as reported in the Appendix 4C, matched the Company's anticipated revenues and expenses for that reporting period?

4. If the Company's actual revenues and expenses are not substantially in accordance with the Company's anticipated revenues and expenses, when did the Company become aware that its revenues and expenses would not substantially match the anticipated revenues and expenses? You may wish to outline any circumstances that may have had an effect on the Company's revenues and expenses.

5. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?

6. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?

7. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on **facsimile number (08) 9221 2020.** It should <u>not</u> be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, **before 5pm W.S.T on Wednesday, 5 November 2003.**

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries regarding any of the above, please do not hesitate to contact me.

Yours sincerely

Marian Tang
<u>Senior Companies Advisor</u>

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