



ASX/Media Release

MEDEC -Appendix 4C Quarterly Report for the March Quarter 2005

02 May 2005: Perth based health care equipment company MEDEC Limited [ASX: MAA] advises:

In the March quarter of 2005, the MEDEC group made the final payment of \$167,000 for Research and Development for the projects outlined in the 2003 IPO prospectus. These projects will be finalised by 30 June 2005. New products are being commercialised and are due to be released to the market in the June and September quarters of 2005. These include an improved and extended version of the MEDEC Biograph, which now includes measurement of the metabolic rate. The presentation of the product at various exhibitions showed a high level of interest from potential clients.

Manufacture of these new products in the March quarter of 2005 has increased the level of inventory and sales of the new products are expected to commence in the June quarter 2005.

MEDEC has further incurred expenditure for the manufacture of 500 units of BRS 300 and 1000 units of DT 2500. The shipment of these products to the Chinese Client Vitop Ltd has been delayed by Chinese import requirements, which is being overcome. Shipments will take place in May and June 2005 and payments in the order of \$550,000 will be received under Letters of Credit arrangements.

"MEDEC is nearing finalisation of the various research and development projects outlined in the IPO prospectus" said Mr Gordon Getley, independent chairman of MEDEC. "Several new products are now being commercialised and are starting to contribute to the revenue."

"The expansion of the market, particularly into China, has been delayed due to European Medical Devices certification and import certification to China, South Korea and some South East Asian countries and will have some effect on overall revenue in 2005. We are also working on obtaining FDA Certification for the important USA market. These certification issues have affected the trading cash flow in the March quarter of 2005. The goods have been in our despatch since February 2005. We are however confident that the issues will be overcome in the June quarter of 2005".

Mr. Getley said "With the Research and Development projects being finalised in the 2005 financial year and with new products and markets contributing to the future revenue and profit, the outlook for 2006 is very good. In the March quarter of 2005, MEDEC has also raised the required funds to support the projected growth of revenue in 2005 and MEDEC Ltd now has sufficient cash on hand to increase inventory to the level required to support such growth."

For further information refer to Appendix 4C Quarterly cash flow statement released to the ASX on 29 April 2005 or contact

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