



**MEDIA RELEASE**  
16 February 2004

**Medica Holdings Ltd**  
ACN 079 253 606  
Level 12, Toowong Towers  
9 Sherwood Road, Toowong  
Queensland Australia 4066  
PO Box 820, Toowong  
Queensland Australia 4066  
Telephone +61 7 3871 3455  
Facsimile +61 7 3871 3477  
Email: [medica@medica.com.au](mailto:medica@medica.com.au)

## **Medica nears clinical testing of cancer drug**

Medica Holdings Ltd (ASX: MCA) today announced its results to 31 December 2003 which showed that it has continued to invest in its subsidiary Cytopia over the first 6 months of the financial year, to fund the preclinical development of its cancer drug candidate and other programs.

As Medica consolidates Cytopia's results and expenses its research and development expenditure it reported a loss for the first half of \$2.4 million in line with expectations.

The first half of the year saw the achievement of several key milestones.

- ▶ Cytopia proved that its anti-cancer drug candidate was effective in animal models of Hormone Refractory Prostate Cancer and Leukaemia. It expects to undertake a Phase I trial in the second half of 2004.
- ▶ Alchemia raised \$21 million in its first public share offer and listed on the ASX
- ▶ Alchemia signed a deal with American Pharmaceutical Partners (APP) to commercialise a generic form of Arixtra® (a Sanofi drug)
- ▶ Alchemia received a \$4.5 million Start grant to develop the scale-up manufacture of its heparin product. The grant together with payments from APP means that the project is fully funded without consuming any funds raise in the IPO. Alchemia stands to receive half of the profits from its manufacturing partner Dow Chemical and from APP.
- ▶ Xenome received a new START grant to assist with the preclinical and clinical development of its neuropathic pain drug candidate Xen2174. The company is on-track to lodge its Investigational New Drug Application (NDA) with the FDA by April 2004 with human testing to commence shortly thereafter.



Medica's Managing Director, Dr Kevin Healey said "this is a long list of achievements by any measure. We have three strongly performing investee companies that are delivering on their promises."

"In the coming year we are looking forward to Xenome and Cytopia entering clinical testing and will report the results of the trials as available. We also expect that Alchemia will achieve milestones in the production of its heparin product and have some good news in its drug discovery efforts", said Dr Healey.

## About Medica

Medica, an ASX-listed Pooled Development Fund, specialises in investing in the biotechnology sector. It facilitated the establishment of Cytopia, which is developing a range of drug candidates against immune diseases and prostate cancer, and owns approximately 80% of the company. It also owns 14.5% of Alchemia (ASX: ACL), which is developing carbohydrate-based drugs, and approximately 25% of Xenome, which is developing new drugs derived from venoms for the treatment of neurological disorders. Under the PDF Scheme, Medica's shareholders are exempt from tax on capital gains or profits from the sale of shares.

For further information please contact:

Dr Kevin Healey  
Managing Director  
0409 413 402

Mr Nicholas Mathiou  
Finance Director  
0415 484 963

Tel: 07 3871 3455  
Fax: 07 3871 3477  
or email: [info@medica.com.au](mailto:info@medica.com.au)

MEDICA HOLDINGS LIMITED



# HALF YEAR FINANCIAL REPORT

---

31 DECEMBER 2003

**ASX HALF-YEAR INFORMATION – 31 DECEMBER 2003**

Lodged with the ASX under Listing Rule 4.2A.

This information should be read in conjunction with  
Medica Holdings Ltd's 30 June 2003 Annual Report.



Level 12, Toowong Tower  
9 Sherwood Road  
Toowong Qld 4066  
PO Box 820  
Toowong Qld 4066  
Tel: +61 7 3871 3455  
Fax: +61 7 3871 3477

E-mail: [info@medica.com.au](mailto:info@medica.com.au)  
Website: [www.medica.com.au](http://www.medica.com.au)

## CORPORATE PARTICULARS

### MEDICA HOLDINGS LIMITED

A.C.N. 079 253 606

<b>Directors</b>	Mr John Hasker, Chairman, Non-Executive Dr Kevin Healey, Managing Director Mr Don Hulme, Non-Executive Mr Nicholas Mathiou, Finance Director Mr Mark Rowsthorn, Non-Executive Dr Geoffrey Vaughan, Non-Executive Mr Bob Watson, Non-Executive
<b>Company Secretary</b>	Mr Nicholas Mathiou
<b>Principal Place Of Business</b>	Level 12, 9 Sherwood Road Toowong Queensland 4066 PO Box 820 Toowong Queensland 4066 Telephone: +61 7 3871 3455 Facsimile: +61 7 3871 3477 Email: <a href="mailto:info@medica.com.au">info@medica.com.au</a> Web: <a href="http://www.medica.com.au">www.medica.com.au</a>
<b>Registered Office</b>	Level 35, Waterfront Place 1 Eagle Street Brisbane Queensland 4000 GPO Box 9925 Brisbane Queensland 4001
<b>Share Registry</b>	Pitcher Partners Registries Level 22, Hong Kong Bank Building 300 Queen Street Brisbane Queensland 4000 GPO Box 35 Brisbane Queensland 4001 Telephone: +61 7 3228 4000 Facsimile: +61 7 3221 3149
<b>Auditor</b>	PricewaterhouseCoopers Chartered Accountants Level 17, Waterfront Place 1 Eagle Street Brisbane Queensland 4000 GPO Box 150 Brisbane Queensland 4001 Telephone: +61 7 3257 5000 Facsimile: +61 7 3257 5999
<b>Stock Exchange Listing</b>	Medica Holdings Limited's ordinary shares are listed on the Australian Stock Exchange (ASX).
<b>Market Code:</b>	MCA

## TABLE OF CONTENTS

<b>RESULTS ANNOUNCEMENT TO THE MARKET (Appendix 4D Item 2).....</b>	<b>4</b>
<b>HALF-YEAR REPORT (ASX Listing Rule 4.2A1).....</b>	<b>6</b>
<b>SUPPLEMENTARY APPENDIX 4D INFORMATION (Appendix 4D Items 3 to 9).....</b>	<b>17</b>

---

Medica Holdings Limited (“Medica”) is a company limited by shares, incorporated and domiciled in Australia. It is listed on ASX.

Medica is a registered Pooled Development Fund (“PDF”) and as such there are special tax concessions for both the company and its shareholders. In particular, if any shares are sold and a profit is derived, whether by way of income or capital gain, that amount will be exempt from Australian tax. Further information regarding PDFs can be found at the following websites:

[www.asx.com.au/pdfs](http://www.asx.com.au/pdfs)  
[www.ausindustry.gov.au](http://www.ausindustry.gov.au)

Through the internet we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the company. All press releases, financial statements and other information are available on our website – [www.medica.com.au](http://www.medica.com.au)

If you have any questions in relation to our reporting, please call telephone number (07) 3871 3455 or email us at [info@medica.com.au](mailto:info@medica.com.au).

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$
<b>Revenue</b> from ordinary activities <i>(Appendix 4D item 2.1)</i>	up/down	9.5%	to	766,574
<b>Loss</b> from ordinary activities after tax attributable to members <i>(Appendix 4D item 2.2)</i>	up/down	7.4%	to	(2,374,958)
<b>Net loss</b> for the period attributable to members <i>(Appendix 4D item 2.3)</i>	up/down	7.4%	to	(2,374,958)

### Dividends/distributions

*(Appendix 4D items 2.4, 2.5 and 2.6)*

No dividends have been paid or declared during the period and the Directors do not recommend the payment of a dividend in respect of the half-year ended 31 December 2003. Dividends are not expected to be paid or declared in the immediate term.

### Explanation of revenue

*(Appendix 4D item 2.6)*

	Half Year Ended 31 December	
	2003	2002
<i>Consolidated Revenue from operating activities</i>	\$	\$
Interest	96,994	94,524
Grants	643,864	729,659
License Fees	25,716	23,149
Revenue from ordinary activities (excluding shares of equity accounted net loss of associates)	766,574	847,332

Medica is a registered pooled development fund (“PDF”) and is required to invest in accordance with the PDFs’ Act. As such, cash balances not invested by way of subscription for permitted securities in accordance with the PDF Act can only be invested in deposits with, loans to or debentures of certain banks. Interest from this type of investment is treated as revenue from operating activities as it is integral to Medica’s operating activities.

**Explanation of loss from ordinary activities after tax**

*(Appendix 4D item 2.6)*

The consolidated entity adopts the conservative accounting policy of expensing research and development expenditure, rather than recognising it as an asset in its statements of financial position. Medica's associate also adopts the same accounting policy regarding its research and development expenditure. The majority of the operating loss from ordinary activities after tax reflects expensed research and development costs.

	<b>Half Year Ended 31 December</b>	
	<b>2003</b>	<b>2002</b>
<b><i>Research and development expenditure</i></b>	<b>\$</b>	<b>\$</b>
Cytopia (Medica's 80.4% owned subsidiary; 79% corresponding period)	(2,180,427)	(2,412,681)
Xenome (Medica's share of its 24.8% owned associate; 39.3% corresponding period)	(246,066)	(459,537)

The figures include the proportion of depreciation, amortisation, employee entitlements and operating lease expenses attributable to research and development.

**Explanation of net loss**

*(Appendix 4D item 2.6)*

	<b>Half Year Ended 31 December</b>	
	<b>2003</b>	<b>2002</b>
<b><i>Consolidated loss from ordinary activities attributable to members</i></b>	<b>\$</b>	<b>\$</b>
Loss from ordinary activities after tax	(2,429,907)	(2,943,720)
Net loss attributable to outside equity interest	54,949	378,619
Net loss attributable to members of Medica Holdings Limited	(2,374,958)	(2,565,101)

## **MEDICA HOLDINGS LIMITED**

### **HALF-YEAR REPORT – 31 DECEMBER 2003**

#### **CONTENTS**

Directors Report	7
Consolidated statement of financial performance	9
Consolidated statement of financial position	10
Consolidated statement of cash flows	11
Notes to the consolidated financial statements	12
Directors' declaration	15
Independent review report to the members	16

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2003 and any public announcements made by Medica Holdings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*. Medica's public announcements and financial statements, and other information are available on its website – [www.medica.com.au](http://www.medica.com.au).

## DIRECTORS' REPORT

Your directors' present their report on the consolidated entity consisting of Medica Holdings Limited ("Medica") and the entities it controlled at the end of, or during, the half-year ended 31 December 2003.

### Directors

Mr John Hasker (Chairman), Dr Kevin Healey (Managing Director), Mr Donald Hulme (Non-Executive Director), Mr Nicholas Mathiou (Executive Director), Mr Mark Rowsthorn (Non-Executive Director), Dr Geoffrey Vaughan (Non-Executive Director) and Mr Robert Watson (Non-Executive Director) were directors of Medica during the whole of the half-year ended 31 December 2003 and up to the date of this report.

### Review of Operations

#### *Summary of Consolidated Results*

	<b>Half Year Ended 31 December</b>	
	<b>2003</b>	<b>2002</b>
	<b>\$</b>	<b>\$</b>
<u>Research and development expenditure</u>		
▪ Cytopia (Medica's 80.4% owned subsidiary; 79% corresponding period)	(2,180,427)	(2,412,681)
▪ Xenome (Medica's share of its 24.8% owned associate; 39.3% corresponding period)	(246,066)	(459,537)
Net operating loss attributable to members of Medica	(2,374,958)	(2,565,101)
	<b>2003</b>	<b>2002</b>
	<b>Cents</b>	<b>Cents</b>
Basic and diluted earnings per share	(5.5)	(7.2)
Net tangible assets per share	31.1	35.1

Medica incorporates in its consolidated financial statements the assets and liabilities of its 80.4% owned subsidiary Cytopia Pty Ltd ("Cytopia") as at 31 December 2003 and the results of Cytopia for the half-year then ended. Outside equity interests in the results and equity of Cytopia are shown separately in the consolidated statement of financial performance and statement of financial position respectively.

Investment in Medica's associate, Xenome Ltd ("Xenome"), is accounted for in the consolidated financial statements using the equity method. Accordingly, the consolidated entity's share of the post acquisition losses of Xenome is recognised in the consolidated statement of financial performance, and its share of post acquisition movements in reserves is recognised in consolidated reserves. The cumulative post acquisition movements are adjusted against the cost of the investment.

Both Cytopia and Xenome adopt the conservative accounting policy of expensing research and development expenditure. The majority of the net operating loss attributable to members of Medica reflects Medica's share (based on the abovementioned accounting policies) of the expensed research and development costs of Cytopia and Xenome.

### ***Investment Activities***

During the half-year ended 31 December 2003, Medica invested a further \$1.72 million in Cytopia increasing its total investment to \$11.51 million. Medica held 80.4% of Cytopia's issued capital as at 31 December 2003 (79.5% as at 30 June 2003).

### ***Fundraising Activities***

Medica raised \$5.52 million (\$5.35 million net of transaction costs) during the half-year ended 31 December 2003. Further information is detailed in note 5 to the consolidated financial statements for the half-year ended 31 December 2003.

### **Directors' Resolution**

This report is made in accordance with a resolution of the directors.



Kevin Healey  
**Managing Director**



Nicholas Mathiou  
**Finance Director**

Brisbane 12 February 2004.

**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE**  
 For the half-year ended 31 December 2003

	Notes	Half-year	
		2003	2002
		\$	\$
<b>Revenue from ordinary activities (excluding shares of equity accounted net profits of associates)</b>		766,574	847,332
<b>Expenses from ordinary activities</b>			
Borrowing costs expense		(16,015)	(12,450)
Research & development		(2,180,427)	(2,412,681)
Management and general administration		(717,383)	(837,086)
Total expenses		<u>(2,913,825)</u>	<u>(3,262,217)</u>
Share of net loss of associate accounted for using the equity method		<u>(282,656)</u>	<u>(528,835)</u>
<b>Loss from ordinary activities before related income tax benefit</b>		<u>(2,429,907)</u>	<u>(2,943,720)</u>
Income tax benefit		-	-
<b>Loss from ordinary activities after related income tax benefit</b>	2	<u>(2,429,907)</u>	<u>(2,943,720)</u>
Net loss attributable to outside equity interest		<u>54,949</u>	<u>378,619</u>
<b>Net loss attributable to members of Medica Holdings Limited</b>		<u>(2,374,958)</u>	<u>(2,565,101)</u>
<b>Total revenues, expenses and valuation adjustments attributable to members of Medica Holdings Limited recognised directly in equity</b>		<u>-</u>	<u>-</u>
<b>Total changes in equity attributable to members of Medica Holdings Limited other than those resulting from transactions with owners as owners</b>		<u><b>(2,374,958)</b></u>	<u><b>(2,565,101)</b></u>
		Cents	Cents
Basic earnings per share	6	<b>(5.5)</b>	<b>(7.2)</b>
Diluted earnings per share	6	<b>(5.5)</b>	<b>(7.2)</b>

*The above consolidated statement of financial performance should be read in conjunction with the accompanying notes.*

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2003

	31 December 2003	30 June 2003
	\$	\$
<b>Current Assets</b>		
Cash assets	5,715,124	2,343,239
Receivables	94,034	170,550
Total current assets	5,809,158	2,513,789
<b>Non-current assets</b>		
Investments	6,805,884	6,805,884
Investments accounted for using the equity method	1,006,334	1,288,990
Property, plant and equipment	1,088,533	1,235,209
Intangible assets	228,308	236,185
Other financial assets	-	192,006
Total non-current assets	9,129,059	9,758,274
<b>Total assets</b>	14,938,217	12,272,063
<b>Current liabilities</b>		
Payables	368,374	428,673
Interest bearing liabilities	-	134,381
Total current liabilities	368,374	563,054
<b>Non-current liabilities</b>		
Interest bearing liabilities	-	74,050
Provisions	101,884	90,181
Total non-current liabilities	101,884	164,231
<b>Total liabilities</b>	470,258	727,285
<b>Net assets</b>	14,467,959	11,544,778
<b>Equity</b>		
Parent entity interest		
Contributed equity	30,991,268	25,638,180
Accumulated losses	(16,668,907)	(14,236,754)
<b>Total parent entity interest</b>	14,322,361	11,401,426
<b>Outside equity interest in controlled entities</b>	145,598	143,352
<b>Total equity</b>	14,467,959	11,544,778

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes.*

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2003

	Note	Half-year	
		2003	2002
		\$	\$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees (inclusive of goods and services tax)		(2,714,018)	(2,928,622)
Interest received		96,994	94,524
Grants		643,864	729,659
License fees		25,716	23,149
Borrowing costs		(16,015)	(12,450)
<b>Net cash outflow from operating activities</b>		<b>(1,963,459)</b>	<b>(2,093,740)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(1,320)	(375,723)
Payments for investments		-	-
Proceeds from (payments for) other financial assets		192,006	(106,921)
<b>Net cash outflow from investing activities</b>		<b>190,686</b>	<b>(482,644)</b>
<b>Cash flows from financing activities</b>			
Net proceeds from issues of shares	5	5,353,089	3,379,750
Proceeds from (repayment of) interest bearing liabilities		(208,431)	130,493
Dividends paid		-	-
<b>Net cash inflow from financing activities</b>		<b>5,144,658</b>	<b>3,510,243</b>
<b>Net increase (decrease) in cash held</b>		<b>3,371,885</b>	<b>933,859</b>
Cash at the beginning of the reporting period		2,343,239	4,439,555
<b>Cash at the end of the reporting period</b>		<b>5,715,124</b>	<b>5,373,414</b>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the half-year ended 31 December 2003

**NOTE 1. Basis of preparation of half-year financial report**

This general purpose financial report for the interim half-year reporting period ended 31 December 2003 has been prepared in accordance with Accounting Standard AASB1029 *Interim Financial Reporting*, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2003 and any public announcements made by Medica Holdings Limited ("Medica") during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

**NOTE 2. Loss from ordinary activities after income tax**

Loss from ordinary activities after related income tax benefit includes the following items of revenue and expense which, together with other disclosures in this report, are relevant in explaining the financial performance for the half-year.

	Half Year Ended 31 December	
	2003	2002
	\$	\$
<b><i>Consolidated revenue from operating activities</i></b>		
Interest	96,994	94,524
Grants	643,864	729,659
License Fees	25,716	23,149
Revenue from ordinary activities (excluding shares of equity accounted net profit of associates)	766,574	847,332

	<b>Half Year Ended 31 December</b>	
<i><b>Consolidated expenses from ordinary activities</b></i>	<b>2003</b>	<b>2002</b>
	<b>\$</b>	<b>\$</b>
Borrowing Costs	(16,015)	(12,450)
Depreciation		
- Plant and Equipment	(111,937)	(109,210)
Amortisation		
- Licenses	(7,877)	(8,440)
- Plant and equipment under finance leases	-	(40,445)
- Leasehold improvements	(36,059)	-
Total Amortisation	(43,936)	(48,885)
Other Provisions		
- Employee entitlements	(19,713)	(23,729)
Rental expenses relating to operating leases		
- Minimum lease payments	(33,894)	(31,396)
Research and development (excluding the proportion of depreciation, amortisation, employee entitlements and operating lease expenditure attributable to research and development)	(1,991,846)	(2,202,523)
Other expenses from ordinary activities	(696,484)	(834,024)
Total expenses from ordinary activities before income tax benefit and share of net loss of associate	(2,913,825)	(3,262,217)

The proportion of depreciation, amortisation, employee entitlements and operating lease expenses attributable to research and development by the consolidated entity was \$188,581 and \$210,158 in the half-year ended 31 December 2003 and 31 December 2002 respectively.

***Income tax***

The potential future income tax benefit arising from tax losses has not been recognised as an asset because recovery is not virtually certain. The directors' estimate that the potential future income tax benefit at 31 December 2003 in respect to tax losses not brought to account is \$4,779,829.

**NOTE 3. Segment information**

Medica operates solely within Australia. All controlled entities or companies in which Medica has invested operate in the medical and biotechnology research industry segment.

**NOTE 4. Dividends**

The consolidated entity has not declared or paid dividends during the half-year ended 31 December 2003.

**NOTE 5. Equity securities issued**

Issues of fully-paid ordinary shares during the half-year ended 31 December	2003 Shares	2002 Shares	2003 \$	2002 \$
Placement at \$1.00 each	-	3,250,000	-	3,250,000
Placement at \$0.75 each	5,703,000	-	4,277,250	-
Placement at \$0.6146 each pursuant to Medica's Share Purchase Plan	2,029,264	-	1,247,050	-
Contribution to Equity by Outside Equity Interests	-	-	-	280,557
Less: Fundraising Costs	-	-	(171,211)	(150,807)
	<b>7,732,264</b>	<b>3,250,000</b>	<b>5,353,089</b>	<b>3,379,750</b>

**NOTE 6. Earnings per Share**

	Half Year Ended 31 December	
	2003 Cents	2002 Cents
Basic earnings per share	(5.5)	(7.2)
Diluted earnings per share	(5.5)	(7.2)
Net loss attributable to members of Medica used as the numerator in calculating diluted and basic earnings per share	(2,374,958)	(2,565,101)
Weighted average number of ordinary shares outstanding during the year used as the denominator in calculating diluted and basic earnings per share	43,032,502	35,880,181

**NOTE 7. Event occurring after reporting date**

Subsequent to 31 December 2003, Medica has invested a further \$0.28 million into its subsidiary Cytopia. Subsequent to this issue, Medica holds 80.5% of Cytopia's issued ordinary shares as at the date of the financial statements. The financial effect of this has not been brought to account at 31 December 2003.

**NOTE 8. Contingent liabilities**

The consolidated entity has no contingent liabilities.

## DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 9 to 14:

- (a) comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) gives a true and fair view of the consolidated entity's financial position as at 31 December 2003 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion:

- (i) the financial statements and notes are in accordance with the *Corporations Act 2001*; and
- (ii) there are reasonable grounds to believe that Medica Holdings Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Kevin Healey  
**Managing Director**



Nicholas Mathiou  
**Finance Director**

Brisbane 12 February 2004.



PricewaterhouseCoopers  
Waterfront Place  
1 Eagle Street  
Brisbane QLD 4000  
GPO Box 150  
Brisbane QLD 4001  
Telephone: (07) 3257 5000  
Facsimile: (07) 3257 5999  
DX 77 Brisbane

## INDEPENDENT REVIEW REPORT TO THE MEMBERS OF MEDICA HOLDINGS LIMITED

### STATEMENT

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Medica Holdings Limited:

- does not give a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of the Medica Holdings Limited Group (defined below) as at 31 December 2003 and of its performance for the half-year ended on that date, and
- is not presented in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This statement must be read in conjunction with the rest of our review report.

### SCOPE

#### THE FINANCIAL REPORT AND DIRECTORS' RESPONSIBILITY

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for the Medica Holdings Limited Group (the consolidated entity), for the half-year ended 31 December 2003. The consolidated entity comprises both Medica Holdings Limited (the company) and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### REVIEW APPROACH

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of company personnel, and
- analytical procedures applied to financial data.

When this review report is included in a document containing the directors' report, our procedures include reading the directors' report to determine whether it contains any material inconsistencies with the financial report.

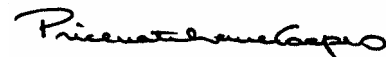
These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

#### INDEPENDENCE

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.



PricewaterhouseCoopers

B. S. Delaney  
B.S. Delaney  
Partner

Brisbane  
12 February 2004

## SUPPLEMENTARY APPENDIX 4D INFORMATION

### NTA Backing

*(Appendix 4D item 3)*

	2003	2002
Net tangible asset backing per ordinary share	31.1 cents	35.1 cents

### Associates and Joint Venture entities

*(Appendix 4D item 7)*

Name	Ownership interest – 31 December		Aggregate share of losses, where material		Contribution to net loss, where material	
	2003 %	2002 %	2003 \$	2002 \$	2003 \$	2002 \$
Xenome Limited	24.8	39.3	(282,656)	(528,835)	(282,656)	(528,835)

### Other Supplementary Information

Appendix 4D items 4, 5 and 6 are not applicable.