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13 October 2004

Dear Shareholder

APPOINTMENT OF MR ROBERT WATSON AS EXECUTIVE CHAIRMAN

Cytopia Limited is pleased to announce that it has appointed Mr Robert Watson as executive Chairman of the company with effect on 23 November 2004, following Cytopia's annual general meeting scheduled for 22 November.

Cytopia's existing Chairman, Mr John Hasker, intends to retire as Chairman on 23 November 2004, but will remain a director of Cytopia. Cytopia would like to thank Mr Hasker for his significant contribution as Chair to the company and the guidance he provided through its formative years.

Mr Watson is a leading international businessman with a successful track record as Chief Executive of both large corporates and smaller more entrepreneurial start-ups.

With over 20 years executive management experience in the information technology industry in Australia and the United Kingdom, Bob has held the roles of Chief Executive Officer of Mayne Nickless Computer Services, Data Sciences International (in the UK) and Lend Lease Employer Systems. He co-founded Icon Recruitment Pty Ltd to provide IT contract services to major Australian businesses and government departments. As CEO he was responsible for growing Icon's annualized revenue to \$180 million within 3 years. He was successful in the sale of Icon to Adecco (the world's largest recruitment and labour hire business with a regional turnover of approximately \$1 billion per annum) and was appointed its Australasian CEO. Mr Watson has also been a director and advisor to a leading Australian technology investment bank and has significant experience in mergers and acquisitions. He is a director of several unlisted companies including Seek Ltd and currently manages his personal venture capital and investment portfolio.

Mr Watson was appointed to the Medica board in June 2003 and is a member of Medica's audit, nomination and remuneration committees.

Mr Watson has been appointed for an initial term of two years and will contribute at least two days per week to Cytopia. Despite this, Mr Watson has agreed that no further cash remuneration will be received from current level. However, it is intended that part of Mr Watson's remuneration as executive Chairman will include the issue to Mr Watson by Cytopia of 2,000,000 Options, at no cost to Mr Watson.

Each Option will entitle the holder to subscribe for one ordinary share in Cytopia at \$0.55 per Share. Options will become exercisable in tranches over a period of 2 years. Options will lapse if not exercised by 22 November 2009.

Shareholder approval is required for the issue of the options. Cytopia proposes to seek that approval at its annual general meeting scheduled for 22 November 2004.

Yours faithfully
CYTOPIA LIMITED

A handwritten signature in black ink, appearing to read "N. G. Mathiou".

NICHOLAS MATHIOU
Finance Director