

Pro Medicus Limited Half-Year report

DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2001.

DIRECTORS

The names of the directors of the company in office during the half-year and until the date of this report are:

Melvyn Keith Ward	B.E.(Hons), M.Eng.Sc., F.I.E(Aust), F.T.S., F.A.I.M., I.V.A.(Chairman)
Peter David Jonson	B.Comm (Hons), M.A.(Hons), PhD, FAICD, FAASS (Deputy Chairman)
Dr Sam Hupert	MBBS (Managing Director and Chief Executive Officer)
Anthony Hall	BSc(Hons), M.Sc. (Executive Director and Technology Director)
Philip Molyneux	B.Econ, F.C.A. (Non-Executive Director)

All directors shown were in office from the beginning of the half-year until the date of this report,

REVIEW AND RESULTS OF OPERATIONS

The company is pleased to announce a 31% increase in half-year profit for the six months ended December 2001 compared to the same period in 2000. Net profit of \$2.109 million was achieved on revenue of \$4.877 million, which represents revenue growth of 15.8%. Earnings per share rose from 1.61c to 2.11c. As a result, the board has announced a fully franked interim dividend of 1c per share.

Both our core business and e-health divisions have performed strongly during the first half. This is despite deferred spending by a number of key players in the radiology market who are still in the process of consolidating. The scalability of our products and our continued attention to internal systems and efficiencies have enabled us to extract maximum value from our increase in revenue. This has helped increase the net margin of profit to revenue to 61.0% which has impacted positively on the half year profit figure.

The company saw good uptake of our core products throughout the period as well as the growing trend for the medical industry to adopt promedicus.net as its preferred means of electronically delivering results. Nearly 40% of GPs around the country use promedicus.net, which provides us with an excellent base. Our new developments will allow us to cater for the use of promedicus.net by non-radiology providers. This has the potential to greatly increase the reach of promedicus.net in the medical space. Increased use of promedicus.net by diverse medical businesses will enhance the total value delivered by the service.

Research and development activities advanced substantially throughout this period with good progress made in a number of areas setting a strong foundation for new product releases. In keeping with company policy all R&D costs relating to these development projects were fully expensed.

Highlights for the half-year include:

- **The Agfa Alliance**

Agfa and Pro Medicus are market leaders in their respective fields. The alliance has created a new growth area for the company in digital radiology, a market estimated to be worth more than \$100 million over the next three years. Since announcing the deal in August 2001, Pro Medicus has embarked on a series of new R&D projects related to the alliance. These projects are currently ahead of schedule with commercialisation of the first product anticipated to be in the March/April time frame with revenue flowing from this project in 2002/2003.

- **Continued growth of promedicus.net**

Promedicus.net, the company's e-health offering, continued its strong growth throughout the six-month period. Transmission of radiology results via promedicus.net exceeded the one million mark with transaction volumes growing to over 100,000 transactions per month.

Uptake of the service showed no signs of abating with over 8,000 practitioners Australia-wide – or close to 40% of GP's – now registered to receive diagnostic results via promedicus.net as compared to 7,000 doctors in November 2001. This trend is expected to continue.

- **New opportunities for promedicus.net**

The company released technology that enables non-radiology providers, such as locum services, day surgeries and a broad range of specialists, to transmit their results and other medical information to their referrers via promedicus.net. Currently, there are over 16,500 registered specialists in Australia nearly all of whom send a letter back to the referring doctor every time they perform a consultation on a patient.

The first group to adopt this technology, Melbourne Medical Locum Service, which provides after-hour coverage for over 2,000 practitioners throughout Victoria, signed up for the service in November 2001. Other groups are predicted to adopt the service over the coming 6 to 12 months.

- **New core division products**

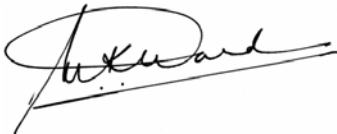
As part of the company's focus on innovation, a number of enhancements to existing products were released throughout the six-month period including "Enterprise Desktop", a leading edge product that provides a single window to all Pro Medicus applications, as well as new versions of the appointments and Practice Management systems.

The directors believe that the half-year results coupled with a traditional bias towards more activity in the second half leaves the company well positioned for growth in the current financial year.

ROUNDING

The amounts contained in this report and in the half-year financial report have been rounded off under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors.



M. K. Ward

Chairman

Melbourne, 26th February 2002.

Directors' Declaration

In accordance with a resolution of the directors of Pro Medicus Limited, I state that:

(1) In the opinion of the directors:

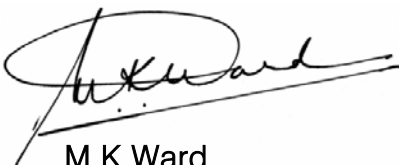
(a) the financial statements of the company which comprise Appendix 4B:

(i) give a true and fair view of the company's financial position as at 31 December 2001 and of its performance for the half-year ended on that date; and

(ii) comply with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



M K Ward

Chairman

Melbourne, 26 February 2002.

Rules 4.1, 4.3

Appendix 4B (rule 4.13(b))

Half yearly/~~preliminary final~~ report

Introduced 1/7/2000. Amended 30/9/2001.

Name of entity

Pro Medicus Limited

ABN

25 006 194 752

Half yearly
(tick)



Preliminary
final (tick)



Half year/~~financial year~~ ended ('current period')

31 December 2001

For announcement to the market

Extracts from this report for announcement to the market (see note 1).

\$A'000

Revenues from ordinary activities (<i>item 1.1</i>)	up/down	15.8%	to	4,877
Profit (loss) from ordinary activities after tax (before amortisation of goodwill) attributable to members (<i>item 1.20</i>)	up/down	31.2%	to	2,109
Profit (loss) from ordinary activities after tax attributable to members (<i>item 1.23</i>)	up/down	31.2%	to	2,109
Profit (loss) from extraordinary items after tax attributable to members (<i>item 2.5(d)</i>)	gain (loss) of	—	—	—
Net profit (loss) for the period attributable to members (<i>item 1.11</i>)	up/down	31.2%	to	2,109
Dividends (distributions)		Amount per security		Franked amount per security
Final dividend (<i>Preliminary final report only - item 15.4</i>)		—		—
Interim dividend (<i>Half yearly report only - item 15.6</i>)		1¢		1¢
Previous corresponding period (<i>Preliminary final report - item 15.5; half yearly report - item 15.7</i>)		1¢		1¢

+ See chapter 19 for defined terms.

Appendix 4B (rule 4.13(b))
Half yearly/preliminary final report

+Record date for determining entitlements to the dividend,
(in the case of a trust, distribution) (*see item 15.2*)

21 March 2002.

Brief explanation of omission of directional and percentage changes to profit in accordance with Note 1 and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

N/A

Consolidated profit and loss account

	Current period - \$A'000	Previous corresponding period - \$A'000
1.1 Revenues from ordinary activities	4,877	4,210
1.2 Expenses from ordinary activities (<i>see items 1.24 + 12.5 + 12.6</i>)	(1,897)	(1,769)
1.3 Borrowing costs	(6)	(12)
1.4 Share of net profit (loss) of associates and joint venture entities (<i>see item 16.7</i>)	—	—
1.5 Profit (loss) from ordinary activities before tax	2,974	2,429
1.6 Income tax on ordinary activities (<i>see note 4</i>)	(865)	(821)
1.7 Profit (loss) from ordinary activities after tax	2,109	1,608
1.8 Profit (loss) from extraordinary items after tax (<i>see item 2.5</i>)	—	—
1.9 Net profit (loss)	2,109	1,608
1.10 Net profit (loss) attributable to outside +equity interests	—	—
1.11 Net profit (loss) for the period attributable to members	2,109	1,608

Consolidated retained profits

1.12 Retained profits (accumulated losses) at the beginning of the financial period	5,131	3,296
1.13 Net profit (loss) attributable to members (<i>item 1.11</i>)	2,109	1,608
1.14 Net transfers to and from reserves	—	—
1.15 Net effect of changes in accounting policies	—	—

+ See chapter 19 for defined terms.

Appendix 4B (rule 4.13(b))
Half yearly/~~preliminary~~ final report

1.16	Dividends and other equity distributions paid or payable	(1,000)	(1,000)
1.17	Retained profits (accumulated losses) at end of financial period	6,240	3,904

Profit restated to exclude amortisation of goodwill

		Current period \$A'000	Previous corresponding period \$A'000
1.18	Profit (loss) from ordinary activities after tax before outside equity interests (<i>items 1.7</i>) and amortisation of goodwill	2,109	1,608
1.19	Less (plus) outside +equity interests	—	—
1.20	Profit (loss) from ordinary activities after tax (before amortisation of goodwill) attributable to members	2,109	1,608

Profit (loss) from ordinary activities attributable to members

		Current period \$A'000	Previous corresponding period \$A'000
1.21	Profit (loss) from ordinary activities after tax (<i>item 1.7</i>)	2,109	1,608
1.22	Less (plus) outside +equity interests	—	—
1.23	Profit (loss) from ordinary activities after tax, attributable to members	2,109	1,608

+ See chapter 19 for defined terms.

Revenue and expenses from ordinary activities

AASB 1004 requires disclosure of specific categories of revenue and AASB 1018 requires disclosure of expenses from ordinary activities according to either their nature or function. Entities must report details of revenue and expenses from ordinary activities using the layout employed in their accounts. See also items 12.1 to 12.6.

		Current period \$A'000	Previous corresponding period \$A'000
1.24	Details of revenue and expenses		
	<i>Please refer Attachment B</i>		

Intangible and extraordinary items

		<i>Consolidated - current period</i>			
		Before tax \$A'000	Related tax \$A'000	Related outside +equity interests \$A'000	Amount (after tax) attributable to members \$A'000
		(a)	(b)	(c)	(d)
2.1	Amortisation of goodwill	—	—	—	—
2.2	Amortisation of other intangibles	—	—	—	—
2.3	Total amortisation of intangibles	—	—	—	—
2.4	Extraordinary items (details)	—	—	—	—
2.5	Total extraordinary items	—	—	—	—

+ See chapter 19 for defined terms.

Comparison of half year profits

(Preliminary final report only)

		Current year - \$A'000	Previous year - \$A'000
3.1	Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the <i>1st</i> half year (item 1.23 in the half yearly report)	N/A	N/A
3.2	Consolidated profit (loss) from ordinary activities after tax attributable to members for the <i>2nd</i> half year	N/A	N/A

Consolidated balance sheet

		At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly report \$A'000
Current assets				
4.1	Cash	3,167	1,392	3,460
4.2	Receivables	2,260	3,447	2,362
4.3	Investments	—	—	—
4.4	Inventories	38	118	90
4.5	Other (provide details if material) Commercial Bank Bills	3,800	3,800	1,250
		9,265	8,757	7,162
4.6	Total current assets			
Non-current assets				
4.7	Receivables	—	—	—
4.8	Investments (equity accounted)	—	—	—
4.9	Other investments	—	—	—
4.10	Inventories	—	—	—
4.11	Exploration and evaluation expenditure capitalised (see para .71 of <i>AASB 1022</i>)	—	—	—
4.12	Development properties (+mining entities)	—	—	—
4.13	Other property, plant and equipment (net)	360	406	440
4.14	Intangibles (net)	—	—	—
4.15	Other (provide details if material)	219	212	223
		579	618	663
4.16	Total non-current assets			
		9,844	9,375	7,825
4.17	Total assets			
Current liabilities				
4.18	Payables	820	1,488	999
4.19	Interest bearing liabilities	284	68	63
4.20	Provisions	2,248	2,215	2,361

+ See chapter 19 for defined terms.

Appendix 4B (rule 4.13(b))
Half yearly/preliminary final report

4.21	Other (provide details if material)	—	—	—
		3,352	3,771	3,423
4.22	Total current liabilities			
	Non-current liabilities			
4.23	Payables	—	—	—
4.24	Interest bearing liabilities	—	249	284
4.25	Provisions	243	215	205
4.26	Other (provide details if material)	—	—	—
		243	464	489
4.27	Total non-current liabilities			
		3,595	4,235	3,912
4.28	Total liabilities			
		6,249	5,140	3,913
4.29	Net assets			

Consolidated balance sheet continued

	Equity			
4.30	Capital/contributed equity	9	9	9
4.31	Reserves	—	—	—
4.32	Retained profits (accumulated losses)	6,240	5,131	3,904
4.33	Equity attributable to members of the parent entity	6,249	5,140	3,913
4.34	Outside +equity interests in controlled entities	—	—	—
4.35	Total equity	6,249	5,140	3,913
4.36	Preference capital included as part of 4.33	—	—	—

Exploration and evaluation expenditure capitalised

To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit.

	Current period \$A'000	Previous corresponding period - \$A'000
5.1	Opening balance	—
5.2	Expenditure incurred during current period	—
5.3	Expenditure written off during current period	—
5.4	Acquisitions, disposals, revaluation increments, etc.	—

+ See chapter 19 for defined terms.

5.5	Expenditure transferred to Development Properties	–	–
5.6	Closing balance as shown in the consolidated balance sheet (item 4.11)	–	–

Development properties

(To be completed only by entities with mining interests if amounts are material)

		Current period \$A'000	Previous corresponding period - \$A'000
6.1	Opening balance	–	–
6.2	Expenditure incurred during current period	–	–
6.3	Expenditure transferred from exploration and evaluation	–	–
6.4	Expenditure written off during current period	–	–
6.5	Acquisitions, disposals, revaluation increments, etc.	–	–
6.6	Expenditure transferred to mine properties	–	–
6.7	Closing balance as shown in the consolidated balance sheet (item 4.12)	–	–

Consolidated statement of cash flows

		Current period \$A'000	Previous corresponding period - \$A'000
	Cash flows related to operating activities		
7.1	Receipts from customers	5,746	3,885
7.2	Payments to suppliers and employees	(2,178)	(1,735)
7.3	Dividends received from associates	–	–
7.4	Other dividends received	–	–
7.5	Interest and other items of similar nature received	115	148
7.6	Interest and other costs of finance paid	(6)	(12)
7.7	Income taxes paid	(1,355)	(1,473)
7.8	Other (provide details if material)	–	–
		2,322	813
7.9	Net operating cash flows		
	Cash flows related to investing activities		
7.10	Payment for purchases of property, plant and equipment	(14)	(10)
7.11	Proceeds from sale of property, plant and equipment	–	–
7.12	Payment for purchases of equity investments	–	–

+ See chapter 19 for defined terms.

Appendix 4B (rule 4.13(b))
Half yearly/preliminary final report

7.13	Proceeds from sale of equity investments	–	–
7.14	Loans to other entities (See Note 1 below)	–	(826)
7.15	Loans repaid by other entities(See Note 1 below)	–	1,300
7.16	Other (provide details if material) Purchase of Commercial Bill	–	(1,250)
		(14)	(786)
7.17	Net investing cash flows		
	Cash flows related to financing activities		
7.18	Proceeds from issues of +securities (shares, options, etc.)	–	–
7.19	Proceeds from borrowings	–	–
7.20	Repayment of borrowings	(33)	(27)
7.21	Dividends paid	(500)	–
7.22	Other (provide details if material)	–	–
		(533)	(27)
7.23	Net financing cash flows		
7.24	Net increase (decrease) in cash held	1,775	Nil
7.25	Cash at beginning of period (see Reconciliation of cash)	1,392	3,460
7.26	Exchange rate adjustments to item 7.25.	–	–
7.27	Cash at end of period (see Reconciliation of cash)	3,167	3,460

Notes

- Loans to other Entities and Loans Repaid by Other Entities relate to IPO costs.

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

N/A

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period \$A'000	Previous corresponding period - \$A'000
8.1 Cash on hand and at bank	3,130	3,353
8.2 Deposits at call	37	107
8.3 Bank overdraft	–	–
8.4 Other (provide details)	–	–
8.5 Total cash at end of period (item 7.27)	3,167	3,460

+ See chapter 19 for defined terms.

Ratios	Current period	Previous corresponding period
Profit before tax / revenue 9.1 Consolidated profit (loss) from ordinary activities before tax (<i>item 1.5</i>) as a percentage of revenue (<i>item 1.1</i>)	61.0%	57.8%
Profit after tax / +equity interests 9.2 Consolidated net profit (loss) from ordinary activities after tax attributable to members (<i>item 1.9</i>) as a percentage of equity (similarly attributable) at the end of the period (<i>item 4.33</i>)	33.7%	41.1%

Earnings per security (EPS)	Current period	Previous corresponding period
10.1 Calculation of the following in accordance with <i>AASB 1027: Earnings per Share</i> (a) Basic EPS (b) Diluted EPS (if materially different from (a)) (c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	2.11 cents 2.10 cents 100,000,000	1.61 cents 1.61 cents 100,000,000

NTA backing (see note 7)	Current period	Previous corresponding period
11.1 Net tangible asset backing per +ordinary security	\$0.06	\$0.04

Details of specific receipts/outlays, revenues/ expenses

	Current period \$A'000	Previous corresponding period - \$A'000
12.1 Interest revenue included in determining item 1.5	116	146
12.2 Interest revenue included in item 12.1 but not yet received (if material)	-	7
12.3 Interest costs excluded from borrowing costs, capitalised in asset values	-	-
12.4 Outlays (except those arising from the +acquisition of an existing business) capitalised in intangibles (if material)	-	-

+ See chapter 19 for defined terms.

Appendix 4B (rule 4.13(b))
Half yearly/preliminary final report

12.5	Depreciation and amortisation (excluding amortisation of intangibles)	60	75
12.6	Other specific relevant items not shown in item 1.24 (see note 15)	–	–

Control gained over entities having material effect

13.1	Name of entity (or group of entities)	N/A
13.2	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) since the date in the current period on which control was acquired	\$N/A
13.3	Date from which such profit has been calculated	N/A
13.4	Profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) for the whole of the previous corresponding period	\$N/A

Loss of control of entities having material effect

14.1	Name of entity (or group of entities)	N/A
14.2	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) for the current period to the date of loss of control	\$N/A
14.3	Date to which the profit (loss) in item 14.2 has been calculated	N/A
14.4	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) while controlled during the whole of the previous corresponding period	\$N/A

+ See chapter 19 for defined terms.

14.5 Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	\$N/A
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Reports for industry and geographical segments

Information on the industry and geographical segments of the entity must be reported for the current period in accordance with AASB 1005: Financial Reporting by Segments. Because of the different structures employed by entities, a pro forma is not provided. Segment information should be completed separately and attached to this report. However, the following is the presentation adopted in the Appendices to AASB 1005 and indicates which amounts should agree with items included elsewhere in this report.

Segments

The company operates in one industry being, information technology within the health care industry and in one geographical area being Australia.

Operating Revenue

Sales to customers outside the economic entity

Inter-segment sales

Unallocated revenue

Total revenue

Segment result

Unallocated expenses

Consolidated profit (loss) from ordinary activities before tax (equal to item 1.5)

Segment assets)	<i>Comparative data for segment assets should be as at the end of the previous corresponding period.</i>
Unallocated assets)	
Total assets (equal to item 4.17))	

Dividends (in the case of a trust, distributions)

15.1 Date the dividend (distribution) is payable	8 April 2002
15.2 +Record date to determine entitlements to the dividend (distribution) (ie, on the basis of registrable transfers received by 5.00 pm if +securities are not +CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHESS approved)	21 March 2002
15.3 If it is a final dividend, has it been declared? <i>(Preliminary final report only)</i>	N/A

Amount per security

		Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
15.4	<i>(Preliminary final report only)</i> Final dividend: Current year	N/A¢	N/A ¢	N/A¢

+ See chapter 19 for defined terms.

Appendix 4B (rule 4.13(b))
Half yearly/preliminary final report

15.5	Previous year	N/A¢	N/A¢	N/A¢
15.6	<i>(Half yearly and preliminary final reports)</i> Interim dividend: Current year	1¢	1¢	Nil¢
15.7	Previous year	1¢	1¢	Nil¢

Total dividend (distribution) per security (interim plus final)

(Preliminary final report only)

	Current year	Previous year
15.8 +Ordinary securities	N/A¢	N/A¢
15.9 Preference +securities	N/A¢	N/A¢

Half yearly report - interim dividend (distribution) on all securities or

	Current period \$A'000	Previous corresponding period - \$A'000
15.10 +Ordinary securities	1,000	1,000
15.11 Preference +securities	N/A	N/A
15.12 Other equity instruments	N/A	N/A
15.13 Total	1,000	1,000

The +dividend or distribution plans shown below are in operation.

N/A

The last date(s) for receipt of election notices for the +dividend or distribution plans

N/A

Any other disclosures in relation to dividends (distributions)

N/A

+ See chapter 19 for defined terms.

Details of aggregate share of profits (losses) of associates and joint venture entities

		Current period \$A'000	Previous corresponding period - \$A'000
16.1	Profit (loss) from ordinary activities before income tax	N/A	N/A
16.2	Income tax on ordinary activities	N/A	N/A
16.3	Profit (loss) from ordinary activities after income tax	N/A	N/A
16.4	Extraordinary items net of tax	N/A	N/A
16.5	Net profit (loss)	N/A	N/A
16.6	Outside +equity interests	N/A	N/A
16.7	Net profit (loss) attributable to members	N/A	N/A

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from xx/xx/xx") or disposal ("to xx/xx/xx").

<i>Name of entity</i>	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (<i>item 1.9</i>)	
	Current period	Previous corresponding period	Current period - \$A'000	Previous corresponding period- \$A'000
17.1 Equity accounted associates and joint venture entities	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A
17.2 Total	N/A	N/A	N/A	N/A
17.3 Other material interests	N/A	N/A	N/A	N/A
17.4 Total	N/A	N/A	N/A	N/A

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current period

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

Category of +securities	Total number	Number quoted	Issue price per security (see note 14) (cents)	Amount paid up per security (see note 14) (cents)
18.1 Preference +securities <i>(description)</i>	N/A	N/A	N/A	N/A
18.2 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions	N/A	N/A	N/A	N/A
18.3 +Ordinary securities	100,000,000	100,000,000	N/A	N/A
18.4 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks	N/A	N/A	N/A	N/A
18.5 +Convertible debt securities <i>(description and conversion factor)</i>	N/A	N/A	N/A	N/A
18.6 Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted	N/A N/A	N/A N/A	N/A N/A	N/A N/A
18.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date (if any)</i>
	2,470,000	N/A	\$1.15	25/8/2010
18.8 Issued during current period	Nil	N/A	N/A	N/A
18.9 Exercised during current period	N/A	N/A	N/A	N/A
18.10 Expired during current period	20,000	N/A	N/A	N/A
18.11 Debentures <i>(totals only)</i>	N/A	N/A	N/A	N/A
18.12 Unsecured notes <i>(totals only)</i>	N/A	N/A		

+ See chapter 19 for defined terms.

Comments by directors

Comments on the following matters are required by ASX or, in relation to the half yearly report, by AASB 1029: Half-Year Accounts and Consolidated Accounts. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final reports, if there are no comments in a section, state NIL. If there is insufficient space to comment, attach notes to this report.

Please refer to the Directors' Report

Basis of accounts preparation

If this report is a half yearly report, it is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Half-Year Accounts and Consolidated Accounts. It should be read in conjunction with the last +annual report and any announcements to the market made by the entity during the period. [Delete if preliminary final statement.]

Material factors affecting the revenues and expenses of the economic entity for the current period

Please refer the Directors' Report

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

Nil

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

As of December 31 the franking credits available to the Company are in excess of \$6,000,000. This is considered sufficient Franking Credits to enable the Company to pay fully franked dividends for the next year.

Changes in accounting policies since the last annual report are disclosed as follows.

(Disclose changes in the half yearly report in accordance with AASB 1029: Half-Year Accounts and Consolidated Accounts. Disclose changes in the preliminary final report in accordance with AASB 1001: Accounting Policies-Disclosure.)

There have been no changes to accounting policies used since the preparation of the last Annual Report.

Additional disclosure for trusts

19.1 Number of units held by the management company or responsible entity or their related parties.

N/A

+ See chapter 19 for defined terms.

Appendix 4B (rule 4.13(b))
Half yearly/preliminary final report

19.2 A statement of the fees and commissions payable to the management company or responsible entity.

N/A

Identify:

- initial service charges
- management fees
- other fees

Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place

N/A

Date

N/A

Time

N/A

Approximate date the ⁺annual report will be available

N/A

Compliance statement

1 This report has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 12).

Identify other standards used

No other standards have been used in the preparation of this report

2 This report, and the ⁺accounts upon which the report is based (if separate), use the same accounting policies.

3 This report does/~~does not~~* (*delete one*) give a true and fair view of the matters disclosed (see note 2).

4 This report is based on ⁺accounts to which one of the following applies.

(Tick one)

The ⁺accounts have been audited.


The ⁺accounts have been subject to review.

The ⁺accounts are in the process of being audited or subject to review.

The ⁺accounts have *not* yet been audited or reviewed.

+ See chapter 19 for defined terms.

- 5 If the audit report or review by the auditor is not attached, details of any qualifications are attached/will follow immediately they are available* (*delete one*). (*Half yearly report only - the audit report or review by the auditor must be attached to this report if this report is to satisfy the requirements of the Corporations Act.*)
- 6 The entity ~~has~~/does not have* (*delete one*) a formally constituted audit committee. This function is undertaken by all members of the board.

Sign here: ..  Date:26 February 2002.....
(~~Director~~/Company Secretary)

Print name:G W Holden.....

Notes

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show whether the change was up or down. If changes in accounting policies or procedures have had a material effect on reported figures, do not show either directional or percentage changes in profits. Explain the reason for the omissions in the note at the end of the announcement section.
2. **True and fair view** If this report does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the entity must attach a note providing additional information and explanations to give a true and fair view.
3. **Consolidated profit and loss account**
 - Item 1.1 The definition of "revenue" and an explanation of "ordinary activities" are set out in *AASB 1004: Revenue*, and *AASB 1018: Statement of financial performance*.
 - Item 1.6 This item refers to the total tax attributable to the amount shown in item 1.5. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as expenses from ordinary activities (eg, fringe benefits tax).
4. **Income tax** If the amount provided for income tax in this report differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts.
5. **Consolidated balance sheet**

Format The format of the consolidated balance sheet should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 1029: Half-Year Accounts and Consolidated Accounts*, and *AASB 1040: Statement of Financial*

+ See chapter 19 for defined terms.

Appendix 4B (rule 4.13(b))
Half yearly/~~preliminary~~ final report

Position. Banking institutions, trusts and financial institutions identified in an ASIC Class Order dated 2 September 1997 may substitute a clear liquidity ranking for the Current/Non-Current classification.

Basis of revaluation If there has been a material revaluation of non-current assets (including investments) since the last ⁺annual report, the entity must describe the basis of revaluation adopted. The description must meet the requirements of *AASB 1010: Accounting for the Revaluation of Non-Current Assets*. If the entity has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required. Trusts should also note paragraph 10 of *AASB 1029* and paragraph 11 of *AASB 1030: Application of Accounting Standards etc.*

6. **Consolidated statement of cash flows** For definitions of “cash” and other terms used in this report see *AASB 1026: Statement of Cash Flows*. Entities should follow the form as closely as possible, but variations are permitted if the directors (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 1026*. ⁺Mining exploration entities may use the form of cash flow statement in Appendix 5B.

⁺ See chapter 19 for defined terms.

7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the +ordinary securities (ie, all liabilities, preference shares, outside +equity interests etc). +Mining entities are *not* required to state a net tangible asset backing per +ordinary security.
8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the +accounts. Details must include the contribution for each gain or loss that increased or decreased the entity's consolidated profit (loss) from ordinary activities and extraordinary items after tax by more than 5% compared to the previous corresponding period.
9. **Rounding of figures** This report anticipates that the information required is given to the nearest \$1,000. However, an entity may report exact figures, if the \$A'000 headings are amended. If an entity qualifies under ASIC Class Order 98/0100 dated 10 July 1998, it may report to the nearest million dollars, or to the nearest \$100,000, if the \$A'000 headings are amended.
10. **Comparative figures** Comparative figures are the unadjusted figures from the previous corresponding period. However, if there is a lack of comparability, a note explaining the position should be attached.
11. **Additional information** An entity may disclose additional information about any matter, and must do so if the information is material to an understanding of the reports. The information may be an expansion of the material contained in this report, or contained in a note attached to the report. The requirement under the listing rules for an entity to complete this report does not prevent the entity issuing reports more frequently. Additional material lodged with the +ASIC under the Corporations Act must also be given to ASX. For example, a directors' report and declaration, if lodged with the +ASIC, must be given to ASX.
12. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if one) must be complied with.
13. **Corporations Act financial statements** As at 1/7/96, this report may be able to be used by an entity required to comply with the Corporations Act as part of its half-year financial statements if prepared in accordance with Australian Accounting Standards.
14. **Issued and quoted securities** The issue price and amount paid up is not required in items 18.1 and 18.3 for fully paid securities.
15. **Relevant Items** AASB 1018 requires the separate disclosure of specific revenues and expenses which are not extraordinary but which are of a size, nature or incidence that disclosure is *relevant* in explaining the financial performance of the reporting entity. the term "relevance" is defined in AASB 1018. For foreign entities, there are similar requirements in other accounting standards normally accepted by ASX.
16. **\$ Dollars** If reporting is not in A\$, all references to \$A must be changed to the reporting currency. If reporting is not in thousands of dollars, all references to "000" must be changed to the reporting value.

+ See chapter 19 for defined terms.

Attachment A – Appendix 4B (rule 4.13(b))
Compliance Statement

1. The Appendix 4B (rule (4.13(b)) of Pro Medicus Limited for the half-year ended 31 December, 2001 have been prepared in accordance with:
 - (i) AASB Standards;
 - (ii) Other authoritative pronouncements of the Australian Accounting Standards Board; and
 - (iii) Urgent Issues Group Consensus View.
2. The Appendix 4B (rule 4.13(b)) has been prepared on the basis of historical costs and does not take into account changing money values or current valuations of non-current assets.
3. There have been no changes in the estimation methods since the end of the previous financial year.
4. The Appendix 4B (rule 4.13(b)) for the half-year ended 31 December, 2001 has not been materially impacted by seasonal factors.
5. There have been no material revisions of estimates reported in prior interim periods or the current reporting period.
6. No operations have been discontinued since the end of the previous financial year.
7. There has been no change in contingent liabilities or contingent assets since the end of the previous financial year.
8. It is recommended that the Appendix 4B (rule 4.13(b)) for the half-year be read in conjunction with the annual financial report of Pro Medicus Ltd as at 30 June 2001 together with any public announcements made by the company during the half-year ended 31 December 2001 in accordance with the continuous disclosure obligations arising under the Corporations Act (2001). The Appendix 4B (rule 4.13(b)) does not include notes of the type normally included within an annual financial report.
9. The Appendix 4B (rule 4.13(b)) is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act (2001), applicable Accounting Standards including AASB 1029 “Interim Financial Reporting” and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

+ See chapter 19 for defined terms.

Attachment B – Appendix 4B (rule 4.13(b))
Compliance Statement

CONDENSED STATEMENT OF FINANCIAL PERFORMANCE

31 DECEMBER 2001

PRO MEDICUS LIMITED

	2001	2000
	\$'000	\$'000
REVENUES FROM ORDINARY ACTIVITIES	4,877	4,210
Borrowing costs expense	(6)	(12)
Other expenses from ordinary activities	(1,897)	(1,769)
TOTAL EXPENSES	(1,903)	(1,781)
PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE	2,974	2,429
INCOME TAX EXPENSE RELATING TO ORDINARY ACTIVITIES	(865)	(821)
PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE	2,109	1,608
NET PROFIT	2,109	1,608
NET PROFIT ATTRIBUTABLE TO MEMBERS OF PRO MEDICUS LIMITED	2,109	1,608
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS	2,109	1,608
Basic earnings per share (cents per share)	2.11	1.61
Diluted earnings per share (cents per share)	2.10	1.61
Franked dividends per share (cents per share)	1.0	1.0

+ See chapter 19 for defined terms.

INDEPENDENT REVIEW REPORT

To the members of Pro Medicus Limited

Scope

We have reviewed the financial report of Pro Medicus Ltd in the form of Appendix 4B of the Australian Stock Exchange (ASX) Listing Rules, as set out on pages 1 to 17, Attachments A and B, and the Directors' Declaration for the half-year ended 31 December 2001, but excluding the following sections:

- Material factors affecting the revenues and expenses of the economic entity for the current period (page 15); and
- Compliance statement (page 17)

The financial report includes the financial statements of the parent entity, Pro Medicus Limited. The disclosing entity's directors are responsible for the financial report. We have performed an independent review of the financial report 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 is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia, statutory requirements and ASX Listing Rules as they relate to Appendix 4B, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission and the ASX.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. Our review was limited primarily to inquiries of the entity's personnel and analytical review procedures applied to financial data. 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.

Review Statement

As a result of our review, we have not become aware of any matter that makes us believe that the half-year financial report, as defined in the scope section, of Pro Medicus Limited is not in accordance with:

- a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 31 December 2001 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia and ASX Listing Rules as they relate to Appendix 4B.



Ernst & Young



R Bruce Dungey

Melbourne 26 February 2002