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## **Pro Medicus delivers strong profit result and increases Dividend**

### **Highlights include:**

- Profit after tax of \$4.54 million, confirming Pro Medicus as the most profitable e-health/medical IT Company in Australia. Achieved despite difficult market conditions for the radiology industry.
- Inaugural sale of digital radiology (PACS) integration products to Lake Imaging in October 2002. Cost efficiencies produced by this technology surpass initial expectations.
- Company in advanced negotiations with key clients regarding potentially widespread adoption of the Digital Imaging integration products.
- Expansion into the UK - installs Practice Management and Appointments software into 15 radiology sites for MIA Lodestone, one of the UK's largest private radiology groups. UK presence forms a platform for future growth into overseas markets.
- promedicus.net, the company's e-health offering, now used by over 13,000 doctors or 60% of Australian GPs with numbers growing daily. Transaction volumes surpass 4 million mark, making promedicus.net the de facto standard for delivery of radiology results.
- Promedicus.net extended to cater for a broad range of non-radiology providers such as specialist and other allied health professionals. This significantly increases the inherent value of the network.
- Increased R&D spending resulting in development of UK versions and enhanced Digital Imaging offerings. All R&D costs fully expensed.
- Margins increase to 70.7% (profit before tax/operating revenue) reflecting a higher percentage of revenue from software, e-health and services and continued focus on cost control.
- Over 55% of revenue derived from recurring sources.
- Continued strengthening of balance sheet with shareholder funds increasing 44.2% to \$10.748 million. Cash reserves increased to \$9.6 million. The company remains operationally debt free.
- Full year dividends increased by 30% to 3.25 cents per share fully franked.

Pro Medicus today reported an after tax profit of \$4.54 million. This result was achieved despite difficult second half operating conditions for the radiology sector that resulted in some major clients deferring installations scheduled for late in the second half of the 2003 financial year. These installation deferrals and the longer than expected lead-time to sales of digital imaging products were foreshadowed to the market in the company's June 23 update.

"We are pleased with our result given the difficult conditions that have existed in the market over the past six months" said Dr Sam Hupert, Pro Medicus CEO. "We have been able to change our product mix away from lower margin hardware sales to higher margin software products, services and e-health which has resulted in margins increasing to 70.7%".

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**e-health**

Promedius.net, the Company's e-health offering, continued to enjoy strong growth and has again made a solid contribution to profits. Transaction volumes are now in excess of 185,000 transactions per month with further growth anticipated. The number of doctors registered to use our e-health service has swelled to over 13,000 practitioners which represents over 60% of Australian GPs making promedius.net the de facto standard for electronic delivery of radiology results throughout Australia. Extending the service to other specialist practitioners provides even greater scope for growth in transaction numbers.

**Digital Imaging**

In October 2002 the company made the first sale of its Digital Imaging integration products to Lake Imaging. These products, developed as a result of our alliance with global medical imaging group Agfa HealthCare Limited, play a key role in the transition from analogue (film based) technology to a fully digital environment. Interest in these products is extremely high with efficiency gains derived from the technology exceeding initial expectations. While the results have exceeded expectations and general market interest in the technology is keen, the lead-time from introduction to the signing of sales contracts is proving longer than was anticipated.

Currently, the company is in advanced negotiations with a number of its larger clients regarding the use of this technology and is confident of making further sales of these products in the 2004 financial year.

**UK Expansion**

In November 2002, the company achieved a second significant milestone by winning its first overseas contract to supply MIA Lodestone, one of the UK's largest private radiology groups. This resulted in the company's Practice Management, Appointments and MIS software being installed in fifteen radiology sites throughout the UK. The sale is strategically important as the company looks to expand its UK presence.

**R&D**

The company continued to invest in its future through an increased level of R&D activity. This resulted in the commercialisation of a number of new products including the UK versions of the Pro Medicus Practice Management System and the Pro Medicus Appointments system as well as significant enhancements to the suite of digital radiology (PACS) integration products. As in previous years, all R&D costs were fully expensed.

**Financial Position & Dividend**

The company has continued to strengthen its balance sheet with shareholder funds increasing by 44.2% to \$10.75 million and cash reserves increasing to \$9.58 million.

"Our strong balance sheet gives us the confidence that we can fund growth opportunities whilst still rewarding shareholders," said Dr Sam Hupert Pro Medicus CEO. "As a result we have changed our dividend policy to distribute between 60% and 70% of profit after tax. This has resulted in a final dividend of 2c per share fully franked, an increase of 30% as compared to the previous year."

The full year dividend of 3.25 cents per share was also an increase of 30% on the previous year.

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**Growth Profile**

The company anticipates renewed growth in FY2004 as it pursues its primary strategies of:

- Achieving wide spread adoption of the company's digital imaging integration products as a major source of operating efficiency for the radiology profession.
- Building on the continued growth of promedius.net by maximising the value of a network connecting over 13,000 doctors.
- Leveraging its existing base in the UK with a view to expanding to offshore markets.

"Pro Medicus has enjoyed virtually continuous growth since the company's inception over 20 years ago. With the quickening growth of our network for diagnostic result transmission, the interest in our digital technology and our overseas experience, we have more growth options available to us now than we had even a year ago," Dr Hupert said.

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## Appendix 4E

### Preliminary Final Report

#### 1. Company details

Name of entity

<b>Pro Medicus Limited</b>
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ABN or equivalent  
company reference

Financial year ended  
(‘current period’)

Financial year ended  
(‘previous period’)

<b>25 006 194 752</b>
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<b>30 June 2003</b>
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<b>30 June 2002</b>
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#### 2. Results for announcement to the market

ASX Listing Rules Ref		2003 A\$'000	2002 A\$'000
2.1	Revenue from ordinary activities	9,502	10,414
	% change up/(down) of revenue from ordinary activities from the previous corresponding period.	down 8.8%	up 1.5%
2.2	Profit/(Loss) from ordinary activities after tax attributable to members	4,546	4,812
	% change up/(down) of Profit/(Loss) from ordinary activities after tax attributable to members from the previous corresponding period	down 5.5%	up 17.8%
2.3	Net Profit/(Loss) for the period attributable to members	4,546	4,812
	% change up/(down) of Net Profit/(Loss) for the period attributable to members from the previous corresponding period.	down 5.5%	Up 17.8%
2.4	Dividends (distributions)	Amount per security	Franked amount per security
	Franked dividend amount per security		
	Final dividend	2.00c	2.00c
	Interim dividend	1.25c	1.25c
2.5	Record date for Final Dividend	8 October 2003	

## 2.6 Operating Results for the Period

Pro Medicus has experienced the second most profitable year in its 20 year history. This result was achieved despite difficult second half operating conditions for the radiology sector that resulted in some major clients deferring installations scheduled for late in the second half of the 2003 financial year. Also, the digital imaging sales, which are large and complex installations, have had longer lead times than expected.

During the past financial year, the company continued its focus on higher margin software sales, e-health and services. The change in product mix away from hardware sales resulted in a slight decrease in revenue, offset by a decrease in cost of goods sold. This has resulted in margins (profit before tax to revenue from operating activities) increasing to 70.7% (2002: 66.5%).

Promedicus.net, the company's e-health offering, continued its strong growth in both the number of doctors registered as well as transaction volumes which have now exceeded 4 million, making promedicus.net the leading e-health provider in Australia. The company continued to maximise the value of promedicus.net by extending its use to non-radiology providers, a trend we anticipate will accelerate in the 2004 financial year.

In March of 2003, the company achieved a strategic milestone, installing its Practice Management and Appointments software into fifteen sites in the UK for MIA Lodestone, one of the UK's largest private radiology groups. Two additional sites have been added since the original installation. This installed base in the UK provides the company with a product highly suited to the local environment and a strategic presence in a market over three times the size of Australia.

Building on the success of the first digital imaging sale to Lake Imaging in October 2002, the company has been in advanced negotiations with a number of major clients. The company is confident that it will achieve ongoing sales of this technology as its clients transition to a digital radiology environment.

## 3. Statement of financial performance

Please refer to Statement of Financial Performance in the Annual Financial Report

## 4. Statement of financial position

Please refer to Statement of Financial Position in the Annual Financial Report

## 5. Statement of cash flows

Please refer to Statement of Cash Flows in the Annual Financial Report

6	Dividend Payment Details	2003	2002
		A\$'000	A\$'000
	A final dividend of 2.0 cents (2002 1.5 cents) per share fully franked will be paid on 21 October 2003.	2,000	1,500
	Current Year Interim		
	An interim dividend of 1.25 cents (2002 1.0 cent) per share fully franked was paid on 7 April 2003.	1,250	1,000

## 7 Dividend or Distribution reinvestment plans

There are no dividend or distribution reinvestment plans in operation.

## 8 Retained Earnings

Please refer Note 17 of the Annual Financial Report

<b>9</b>	<b>Net Tangible Assets per security</b>	2003	2002
	Net Tangible Assets per security	\$0.105	\$0.072
<b>10</b>	<b>Details of entities over which control has been gained or lost during the period</b>		
	There are no entities over which control has been gained or lost during the period.		
<b>11</b>	<b>Associates and Joint Venture Entities</b>		
	Pro Medicus has no associates or joint venture arrangements in place during the period or to the date of this report.		
<b>12</b>	<b>Other Significant Information</b>		
	Please refer the Directors' Report and Commentary on Results per 2.6 above.		
<b>13</b>	<b>Pro Medicus Limited is an Australian based entity.</b>		
<b>14</b>	<b>Commentary on Results for the period</b>		
	Please refer the Directors' Report attached.		
<b>15</b>	<b>Audit Statement</b>		
	This report is based on accounts to which one of the following applies. (Tick one)		
	<input checked="" type="checkbox"/> The +accounts have been audited.	<input type="checkbox"/> The +accounts have been subject to review.	
	<input type="checkbox"/> The +accounts are in the process of being audited or subject to review.	<input type="checkbox"/> The +accounts have <i>not</i> yet been audited or reviewed.	



Sign here: ..... Date: 4 September 2003  
(Director/Company Secretary)

Print name: Geoffrey W. Holden