Promedicus

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Pro Medicus Limited Half-Year report

DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2002.

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, F.A.I.C.D., F.A.A.S.S. (Deputy Chairman)
Dr Sam Hupert	M.B.B.S. (Managing Director and Chief Executive Officer)
Anthony Hall	B.Sc.(Hons), M.Sc. (Executive Director and Technology Director)
Philip Molyneux	B.Econ, F.C.A. (Non-Executive Director)

REVIEW AND RESULTS OF OPERATIONS

The company is pleased to announce a record first half profit of $2.438 million, an increase of 15.6% as compared to the same period last year. This was achieved on revenue of $5.185 million, an increase of 6.3%.

Earnings per share rose from 2.1c to 2.4c reflecting the underlying strength of the company's ongoing business. Margins, as calculated as a percentage of operating profit to revenue, were enhanced as a result of the company's continued focus on promoting its software, e-health and services offerings rather than lower margin hardware sales. Cash reserves increased to $8.77 million and the company remains operationally debt free. As a result, the board has raised the interim dividend to 1.25c per share fully franked.

All business divisions performed strongly during the first half with good uptake of core product 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. Over 50% of GPs around the country now use promedicus.net to receive their radiology results. The company is well placed to leverage this position by extending its services to other non-radiology providers.
Research and development activity continued throughout this period with excellent progress being made in a number of areas including the development of new versions of the Practice Management and Appointments systems for the UK market as well as further development of the company's digital imaging/PACS integration products. 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

  This alliance has created a significant growth opportunity for the company as the trend towards digital radiology (PACS) gains momentum in the private radiology market. Following the successful commercialisation of the PACS integration products in June 2002, the company announced the successful implementation of the technology at Lake Imaging, a leading Victorian regional radiology practice in October of last year. Lake Imaging has now become a key reference site, a factor that will greatly assist in future sales of these products.

- Continued growth of promedicus.net

  Promedicus.net, the company's e-health offering, continued its strong growth throughout the six-month period. Over 3 million radiology results have now been sent via promedicus.net with transaction volumes growing to over 150,000 transactions per month. Uptake of the service showed no signs of abating with over 11,000 practitioners, a figure representing over 50% of Australia's GP's registered to receive diagnostic results via this channel. This trend is expected to continue. The company is also looking to expand the basis of providers for promedicus.net by offering the service to the 16,500 specialists throughout Australia as well as other health service providers thereby maximising the value of the promedicus.net channel.

- Expansion into the UK

  A key milestone was reached during the six-month period with the sale of the Pro Medicus Practice Management (PMS) and Appointments systems to MIA Lodestone of the UK, a fully owned subsidiary of MIA Australasia. This, the first international sale of the company's products, positions Pro Medicus well in terms of future sales in the UK, a market over 3 times the size of the Australian market, as well as providing potential opportunities in mainland Europe. A key feature of the deal is the ability to use the fifteen Lodestone sites to demonstrate this technology to other potential UK clients, thereby minimising the cost of establishing demonstration/sales facilities within the UK.

The directors believe that the record half-year results positions the company for growth in the current financial year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

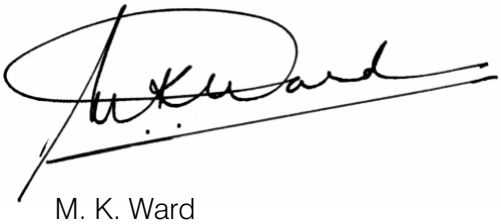
A fully franked interim dividend of 1.25 cents per share has been declared.

No other significant post balance date events have been identified.

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, 24th February 2003.

DIRECTORS' DECLARATION

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

(1) In the opinion of the directors:

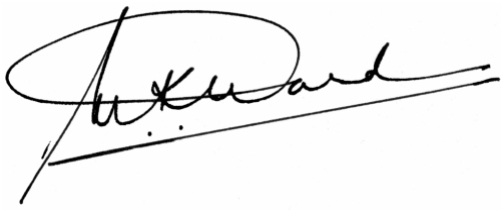
(a) the financial statements of the company which comprise Appendix 4B:

(i) give a true and fair view of the company's financial position as at 31 December 2002 and of it's performance for the half-year ended on that date; and

(ii) comply with Accounting Standard AASB 1029: "Interim Financial Reporting" and Corporations Regulations 2001; 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, 24 February 2003

Rules 4.1, 4.3

Appendix 4B

Half yearly/~~preliminary final report~~

Introduced 30/6/2002.

Name of entity

Pro Medicus Limited

ABN or equivalent company reference	Half yearly *(tick)*	Preliminary final *(tick)*	Half year/financial year ended ('current period')
25 006 194 752	V		31 December 2002

For announcement to the market

Extracts from this report for announcement to the market (see note 1).				$A'000
Revenues from ordinary activities *(item 1.1)*	Up	6.3%	to	$5,185
Profit (loss) from ordinary activities after tax attributable to members (*item 1.22*)	Up	15.6%	to	$2,438
Profit (loss) from extraordinary items after tax attributable to members (*item 2.5(d))*	gain (loss) of	-		-
Net profit (loss) for the period attributable to members *(item 1.11)*	Up	15.6%	to	$2,438

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend *(Preliminary final report only - item 15.4)* Interim dividend *(Half yearly report only - item 15.6)*	1.25¢	1.25¢
Previous corresponding period *(Preliminary final report - item 15.5; half yearly report - item 15.7)*	1¢	1¢

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

21 March, 2003

Brief explanation of any of the figures reported above (see Note 1) and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

Not Applicable

If this is a half yearly report it is to be read in conjunction with the most recent annual financial report.

+ See chapter 19 for defined terms.

Condensed consolidated statement of financial performance

		Current period - $A'000	Previous corresponding period - $A'000
1.1	Revenues from ordinary activities *(see items 1.23 -1.25)*	5,185	4,877
1.2	Expenses from ordinary activities (*see items 1.26 & 1.27)*	(1,683)	(1,897)
1.3	Borrowing costs	(5)	(6)
1.4	Share of net profits (losses) of associates and joint venture entities (*see item 16.7*)	-	-
1.5	**Profit (loss) from ordinary activities before tax**	**3,497**	**2,974**
1.6	Income tax on ordinary activities *(see note 4)*	(1,059)	(865)
1.7	**Profit (loss) from ordinary activities after tax**	**2,438**	**2,109**
1.8	Profit (loss) from extraordinary items after tax (*see item 2.5*)	-	-
1.9	**Net profit (loss)**	**2,438**	**2,109**
1.10	Net profit (loss) attributable to outside +equity interests	-	-
1.11	**Net profit (loss) for the period attributable to members**	**2,438**	**2,109**
Non-owner transaction changes in equity			
1.12	Increase (decrease) in revaluation reserves	-	-
1.13	Net exchange differences recognised in equity	-	-
1.14	Other revenue, expense and initial adjustments recognised directly in equity (attach details)	-	-
1.15	Initial adjustments from UIG transitional provisions	-	-
1.16	Total transactions and adjustments recognised directly in equity (items 1.12 to 1.15)	-	-
1.17	**Total changes in equity not resulting from transactions with owners as owners**	**2,438**	**2,109**

Earnings per security (EPS)		Current period	Previous corresponding Period
1.18	Basic EPS	2.4 cents	2.1 cents
1.19	Diluted EPS	2.4 cents	2.1 cents

+ See chapter 19 for defined terms.

Notes to the condensed consolidated statement of financial performance

Profit (loss) from ordinary activities attributable to members

		Current period - $A'000	Previous corresponding period - $A'000
1.20	Profit (loss) from ordinary activities after tax (*item 1.7*)	2,438	2,109
1.21	Less (plus) outside +equity interests	-	-
1.22	**Profit (loss) from ordinary activities after tax, attributable to members**	**2,438**	**2,109**

Revenue and expenses from ordinary activities

(see note 15)

		Current period - $A'000	Previous corresponding period - $A'000
1.23	Revenue from sales or services	4,998	4,761
1.24	Interest revenue	187	116
1.25	Other relevant revenue	-	-
	Total Revenue from Ordinary Activities	5,185	4,877
1.26	Details of Relevant Expenses		
	Cost of Goods Sold	210	399
	Operating Lease Expenditure	81	78
	Other Expenses	364	443
	Research & Development Costs	322	198
	Salaries & Employee Benefits Expense	656	718
1.27	Depreciation and amortisation excluding amortisation of intangibles *(see item 2.3)*	50	61
	Total Expenses	**1,683**	**1,897**
	Capitalised outlays		
1.28	Interest costs capitalised in asset values	-	-
1.29	Outlays capitalised in intangibles (unless arising from an +acquisition of a business)	-	-

Consolidated retained profits

		Current period - $A'000	Previous corresponding period - $A'000
1.30	Retained profits (accumulated losses) at the beginning of the financial period	7,443	5,131
1.31	Net profit (loss) attributable to members (*item 1.11*)	2,438	2,109
1.32	Net transfers from (to) reserves *(details if material)*	-	-
1.33	Net effect of changes in accounting policies	1,500	-
1.34	Dividends and other equity distributions paid or payable	(1,500)	(1,000)
1.35	**Retained profits (accumulated losses) at end of financial period**	**9,881**	**6,240**

+ See chapter 19 for defined terms.

Intangible and extraordinary items

		Consolidated – current period			
		Before tax $A'000 (a)	Related tax $A'000 (b)	Related outside +equity interests $A'000 (c)	Amount (after tax) attributable to members $A'000 (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**	**-**	**-**	**-**	**-**

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 *1st* half year (item 1.22 in the half yearly report)	N/A	N/A
3.2	Consolidated profit (loss) from ordinary activities after tax attributable to members for the *2nd* half year	N/A	N/A

+ See chapter 19 for defined terms.

	Condensed consolidated statement of financial position	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	8,773	1,941	3,167
4.2	Receivables	2,736	2,901	2,260
4.3	Investments	-	-	-
4.4	Inventories	1	10	38
4.5	Tax assets	-	-	-
4.6	Other (provide details if material Commercial Bank Bills)	-	6,000	3,800
4.7	**Total current assets**	**11,510**	**10,852**	**9,265**
	Non-current assets			
4.8	Receivables	-	-	-
4.9	Investments (equity accounted)	-	-	-
4.10	Other investments	-	-	-
4.11	Inventories	-	-	-
4.12	Exploration and evaluation expenditure capitalised *(see para .71 of AASB 1022)*	-	-	-
4.13	Development properties (+mining entities)	-	-	-
4.14	Other property, plant and equipment (net)	267	307	360
4.15	Intangibles (net)	-	-	-
4.16	Tax assets	235	225	219
4.17	Other (provide details if material)	-	-	-
4.18	**Total non-current assets**	**502**	**532**	**579**
4.19	**Total assets**	**12,012**	**11,384**	**9,844**
	Current liabilities			
4.20	Payables	398	611	820
4.21	Interest bearing liabilities	68	249	284
4.22	Tax liabilities	729	841	763
4.23	Provisions exc. tax liabilities	507	1,980	1,485
4.24	Other (provide details if material)	-	-	-
4.25	**Total current liabilities**	**1,702**	**3,681**	**3,352**
	Non-current liabilities			
4.26	Payables	-	-	-
4.27	Interest bearing liabilities	147	-	-
4.28	Tax liabilities	18	14	17
4.29	Provisions exc. tax liabilities	255	237	226
4.30	Other (provide details if material)	-	-	-
4.31	**Total non-current liabilities**	**420**	**251**	**243**

+ See chapter 19 for defined terms.

Condensed consolidated statement of financial position continued

4.32	**Total liabilities**	**2,122**	**3,932**	**3,595**
4.33	**Net assets**	**9,890**	**7,452**	**6,249**

	Equity			
4.34	Capital/contributed equity	9	9	9
4.35	Reserves	-	-	-
4.36	Retained profits (accumulated losses)	9,881	7,443	6,240
4.37	**Equity attributable to members of the parent entity**	**9,890**	**7,452**	**6,249**
4.38	Outside +equity interests in controlled entities	-	-	-
4.39	**Total equity**	**9,890**	**7,452**	**6,249**

4.40	Preference capital included as part of 4.37	-	-	-

Notes to the condensed consolidated statement of financial position

Exploration and evaluation expenditure capitalised

(To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred.)

		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.	-	-
5.5	Expenditure transferred to Development Properties	-	-
5.6	**Closing balance as shown in the consolidated balance sheet** (*item 4.12*)	**-**	**-**

Development properties

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

Current period $A'000	Previous corresponding period - $A'000

+ See chapter 19 for defined terms.

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 4.13)*	**-**	**-**

Condensed 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	5,147	5,746
7.2	Payments to suppliers and employees	(1,765)	(2,178)
7.3	Dividends received from associates	-	-
7.4	Other dividends received	-	-
7.5	Interest and other items of similar nature received	174	115
7.6	Interest and other costs of finance paid	(5)	(6)
7.7	Income taxes paid	(1,177)	(1,355)
7.8	Other (provide details if material)	-	-
7.9	**Net operating cash flows**	**2,374**	**2,322**
	Cash flows related to investing activities		
7.10	Payment for purchases of property, plant and equipment	(9)	(14)
7.11	Proceeds from sale of property, plant and equipment	-	-
7.12	Payment for purchases of equity investments	-	-
7.13	Proceeds from sale of equity investments	-	-
7.14	Loans to other entities	-	-
7.15	Loans repaid by other entities	-	-
7.16	Other (provide details if material) Redemption of Bank Bills	6,000	-
7.17	**Net investing cash flows**	**5,991**	**(14)**
	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)	(33)
7.21	Dividends paid	(1,500)	(500)
7.22	Other (provide details if material)	-	-

+ See chapter 19 for defined terms.

7.23	**Net financing cash flows**	**(1,533)**	**(533)**
7.24	**Net increase (decrease) in cash held**	6,832	**1,775**
7.25	Cash at beginning of period *(see Reconciliation of cash)*	1,941	1,392
7.26	Exchange rate adjustments to item 7.25.	-	-
7.27	**Cash at end of period** *(see Reconciliation of cash)*	8,773	3,167

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.)*

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	8,735	3,130
8.2	Deposits at call	38	37
8.3	Bank overdraft	-	-
8.4	Other (provide details)	-	-
8.5	**Total cash at end of period** *(item 7.27)*	**8,773**	**3,167**

Other notes to the condensed financial statements

Ratios		Current period	Previous corresponding period
9.1	**Profit before tax / revenue** Consolidated profit (loss) from ordinary activities before tax (*item 1.5*) as a percentage of revenue (*item 1.1*)	67.5%	61.0%
9.2	**Profit after tax / +equity interests** Consolidated net profit (loss) from ordinary activities after tax attributable to members (*item 1.11*) as a percentage of equity (similarly attributable) at the end of the period (*item 4.37*)	24.7%	33.7%

+ See chapter 19 for defined terms.

Earnings per security (EPS)

10. Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of *AASB 1027: Earnings Per Share* are as follows.

EPS has been calculated as follows:
Numerator is the unadjusted Profit After Tax of $2,438,382 per reference 1.22 in this report.
Ordinary shares issued at 31 December 2002 were 100,000,000 plus potential ordinary shares comprised the current total options of 2,470,000 of which a further 1/5 vested on 20 August 2002. This provided an additional 494,000 potential shares for the current period and resulting in 988,000 potential shares since the inception of the plan.
The weighted average number of shares used as the denominator for basic earnings per share is 100,000,000

Effect of dilutive securities is
687,304
The weighted average number of shares used as the denominator for diluted earnings per share is 100,687,304

No options have been exercised since the end of the reporting period and to the date of this report.

NTA backing

(see note 7)

		Current period	Previous corresponding period
11.1	Net tangible asset backing per +ordinary security	$0.10	$0.06

Discontinuing Operations

(Entities must report a description of any significant activities or events relating to discontinuing operations in accordance with paragraph 7.5 (g) of AASB 1029: Interim Financial Reporting, or, the details of discontinuing operations they have disclosed in their accounts in accordance with AASB 1042: Discontinuing Operations (see note 17).)

12.1 Discontinuing Operations

+ See chapter 19 for defined terms.

Not Applicable

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 controlled entity (or group of entities) since the date in the current period on which control was +acquired	$-
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 controlled entity (or group of entities) for the whole of the previous corresponding period	$-

Loss of control of entities having material effect

14.1	Name of entity (or group of entities)	Not Applicable
14.2	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	$-
14.3	Date to which the profit (loss) in item 14.2 has been calculated	N/A

+ See chapter 19 for defined terms.

14.4	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	$-
14.5	Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	$-

Dividends (in the case of a trust, distributions)

15.1	Date the dividend (distribution) is payable	7 April 2003
15.2	+Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer 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 2003
15.3	If it is a final dividend, has it been declared? *(Preliminary final report only)*	N/A

Amount per security

			Amount per security	Franked amount per security at 30.0% tax (see note 4)	Amount per security of foreign source dividend
	(Preliminary final report only)				
15.4	**Final dividend:**	Current year	N/A¢	N/A¢	N/A¢
15.5		Previous year	N/A¢	N/A¢	N/A¢
	(Half yearly and preliminary final reports)				
15.6	**Interim dividend:**	Current year	1.25¢	1.25¢	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¢

+ See chapter 19 for defined terms.

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

Preliminary final report - final dividend (distribution) on all securities

		Current period $A'000	Previous corresponding period - $A'000
15.10	+Ordinary securities *(each class separately)*	1,250	1,000
15.11	Preference +securities *(each class separately)*	N/A	N/A
15.12	Other equity instruments *(each class separately)*	**N/A**	**N/A**
15.13	**Total**	**1,250**	**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). *(For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting)*

N/A

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

Group's share of associates' and joint venture entities':		Current period $A'000	Previous corresponding period - $A'000
16.1	Profit (loss) from ordinary activities before tax	N/A	N/A
16.2	Income tax on ordinary activities	N/A	N/A
16.3	**Profit (loss) from ordinary activities after 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	Adjustments	N/A	N/A
16.7	**Share of net profit (loss) of associates and joint venture entities**	**N/A**	**N/A**

+ See chapter 19 for defined terms.

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 dd/mm/yy") or disposal ("to dd/mm/yy").)*

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (*item 1.9*)	
17.1 Equity accounted associates and joint venture entities	Current period	Previous corresponding period	Current period $A'000	Previous corresponding period - $A'000
	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 must include 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** *(description)*	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	 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	 N/A N/A	 N/A N/A
18.5	**+Convertible debt securities** (*description and conversion factor)*	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** *(description and conversion factor)*	2,470,000	N/A	*Exercise price* **$1.15**	*Expiry date (if any)* 25/8/2010
18.8	Issued during current period	Nil	N/A	N/A	N/A
18.9	Exercised during current period	Nil	N/A	N/A	N/A
18.10	Expired during current period	Nil	N/A		
18.11	**Debentures** *(description)*				
18.12	Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted	 N/A N/A	 N/A N/A		

+ See chapter 19 for defined terms.

18.13	**Unsecured notes** *(description)*	N/A	N/A
18.14	Changes during current period		
	(a) Increases through issues	N/A	N/A
	(b) Decreases through securities matured, converted	N/A	N/A

Segment reporting

(Information on the business and geographical segments of the entity must be reported for the current period in accordance with *AASB 1005: Segment Reporting* and for half year reports, *AASB 1029: Interim Financial Reporting*. Because entities employ different structures a pro forma cannot be provided. Segment information in the layout employed in the entity's +accounts should be reported separately and attached to this report.)

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

Comments by directors

(Comments on the following matters are required by ASX or, in relation to the half yearly report, by *AASB 1029: Interim Financial Reporting*. 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.)

Basis of financial report preparation

19.1 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: Interim Financial Reporting. ***It should be read in conjunction with the last +annual report and any announcements to the market made by the entity during the period.*** *The financial statements in this report are "condensed financial statements" as defined in AASB 1029: Interim Financial Reporting. This report does not include all the notes of the type normally included in an annual financial report*. [~~Delete if preliminary final report~~.]

19.2 Material factors affecting the revenues and expenses of the economic entity for the current period. In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations.

Please refer the Directors' Report

19.3 A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

+ See chapter 19 for defined terms.

Please refer the Directors' Report

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

As at 31 December 2002 franking credits available to the company were in excess of $8m based on the current tax rate of 30%. This in addition with periodic ongoing taxation payments is considered sufficient franking credits to enable the Company to pay fully franked dividends for the next year.

19.5 Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows. (Disclose changes and differences in the half yearly report in accordance with *AASB 1029: Interim Financial Reporting*. Disclose changes in accounting policies in the preliminary final report in accordance with *AASB 1001: Accounting Policies-Disclosure*).

At 1 July 2002, the company followed the requirements of AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" for the first time. The company's previous policy was to record a provision for dividends at the end of the reporting period that would later be ratified by the Board of Directors. Under the requirements of AASB 1044, a provision for dividends payable can only be recognised once the dividend has been declared, determined or publicly recommended. As the dividend was declared after 31 December 2002, no provision for dividend has been recognised in the Statement of Financial Position.
There has been an increase of $1.5 million to the opening retained earnings as a result of the change in accounting policies.

19.6 Revisions in estimates of amounts reported in previous interim periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous +annual reports if those revisions have a material effect in this half year.

Not Applicable.

19.7 Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last + annual report.

Not Applicable.

+ See chapter 19 for defined terms.

Additional disclosure for trusts

20.1	Number of units held by the management company or responsible entity or their related parties.	Not Applicable
20.2	A statement of the fees and commissions payable to the management company or responsible entity. Identify: • initial service charges • management fees • other fees	Not Applicable.

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 in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views 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).

+ See chapter 19 for defined terms.

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.

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.

Sign here: ..... Date: 24 February 2003
(~~Director/~~Company Secretary)

Print name: Geoffrey W. Holden

+ See chapter 19 for defined terms.

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. Entities are encouraged to attach notes or fuller explanations of any significant changes to any of the items in page 1. The area at the end of the announcement section can be used to provide a cross reference to any such attachment.

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. **Condensed consolidated statement of financial performance**

   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. The rate of tax applicable to the franking amount per dividend should be inserted in the heading for the column "Franked amount per security at % tax" for items 15.4 to 15.7.

5. **Condensed consolidated statement of financial position**

   Format The format of the consolidated statement of financial position 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: Interim Financial Reporting,* and *AASB 1040: Statement of Financial Position*. Also, banking institutions, trusts and financial institutions 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.

6. **Condensed 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. If an entity reports exact figures, the $A'000 headings must be 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, and the $A'000 headings must be amended.

10. **Comparative figures** Comparative figures are to be presented in accordance with *AASB 1018* or *AASB 1029 Interim Financial Reporting* as appropriate and are the unadjusted figures from the latest annual or half year report as appropriate. However, if an adjustment has been made in accordance with an accounting standard or other reason or if there is a lack of comparability, a note explaining the position should be attached. For the statement of financial performance, *AASB 1029 Interim Financial Reporting* requires information on a year to date basis in addition to the current interim period. Normally an Appendix 4B to which *AASB 1029 Interim Financial Reporting* applies would be for the half year and consequently the information in the current period is also the year to date. If an Appendix 4B Half yearly version is produced for an additional interim period (eg because of a change of reporting period), the entity must provide the year to date information and comparatives required by *AASB 1029 Interim Financial Reporting*. This should be in the form of a multi-column version of the consolidated statement of financial performance as an attachment to the additional Appendix 4B.

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 director's 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 exists) must be complied with.

13. **Corporations Act financial statements** 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 **Details of expenses** *AASB 1018* requires disclosure of expenses from ordinary activities according to either their nature or function. For foreign entities, there are similar requirements in other accounting standards accepted by ASX. *AASB ED 105* clarifies that the disclosures required by *AASB 10*18 must be either *all* according to nature or *all* according to function.

+ See chapter 19 for defined terms.

Entities must disclose details of expenses using the layout (by nature or function) employed in their +accounts.

The information in lines 1.23 to 1.27 may be provided in an attachment to Appendix 4B.

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*. There is an equivalent requirement in *AASB 1029: Interim Financial Reporting*. For foreign entities, there are similar requirements in other accounting standards 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.

17. **Discontinuing operations**

Half yearly report

All entities must provide the information required in paragraph 12 for half years beginning on or after 1 July 2001.

Preliminary final report

Entities must either provide a description of any significant activities or events relating to discontinuing operations equivalent to that required by paragraph 7.5 (g) of *AASB 1029: Interim Financial Reporting*, or, the details of discontinuing operations they are required to disclose in their +accounts in accordance with *AASB 1042 Discontinuing Operations*.

In any case the information may be provided as an attachment to this Appendix 4B.

18. **Format**

This form is a Word document but an entity can re-format the document into Excel or similar applications for submission to the Companies Announcements Office in ASX.

+ See chapter 19 for defined terms.

ERNST & YOUNG

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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 16 and the Directors' Declaration for the half-year ended 31 December 2002, but excluding the following sections:

- Material factors affecting the revenues and expenses of the economic entity for the current period (page 14); and
- Compliance statement (page 16)

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 2002 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 February 2003

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW)