

M409-01

January 31, 2005

The Manager
Company Announcements Office
Australian Stock Exchange Limited
4th Floor, 20 Bridge Street
SYDNEY, NSW 2000

Dear Sir:

MEDAIRE QUARTERLY ACTIVITIES AND CASH FLOW REPORT

MedAire, Inc. (ASX Code: MDE) is pleased to provide the company's quarterly activities and cash flow report for the quarter ended 31 December 2004. For the period, MedAire experienced an increase in net operating cash flows of US\$973,000 over the quarter ended 30 September 2004 and an increase of US\$674,000 over the quarter ended 31 December 2003.

Summary cash flow data compared to the prior quarter (US\$000's):

	<u>31 Dec 04</u>	<u>30 Sept 04</u>	<u>% change</u>
Receipts from customers	US\$6,212	US\$5,902	5%
Net operating cash flows	US\$6	US\$(967)	n/a

We look forward to sharing our full-year results with the market at the end of February.

Yours sincerely,



James Lara, President

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

MEDAIRE, INC.

ARBN

103 340 227

Quarter ended ("current quarter")

31 DECEMBER 2004

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter US\$'000	Year to date (12 months) US\$'000
1.1 Receipts from customers	6,212	24,599
1.2 Payments for (a) staff costs	(2,139)	(8,145)
(b) advertising & marketing	(33)	(201)
(c) research & development		-
(d) leased assets	(165)	(644)
(e) other working capital	(3,937)	(15,521)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4	22
1.5 Interest and other costs of finance paid	(3)	(41)
1.6 Income taxes paid	-	(3)
1.7 Other (provide details if material)	67	67
Net operating cash flows	6	133

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter U\$'000	Year to date (12 months) U\$'000
1.8 Net operating cash flows (carried forward)	6	133
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	(1,488)
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(361)	(1,492)
(e) other non-current assets	-	(100)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loan payments to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
	(361)	(3,080)
1.14 Total operating and investing cash flows	(355)	(2,947)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	26	414
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	650	650
1.18 Repayment of borrowings	(716)	(776)
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
	(40)	288
	(395)	(2,659)
Net increase (decrease) in cash held	(395)	(2,659)
1.21 Cash at beginning of quarter/year to date	1,684	3,953
1.22 Exchange rate adjustments to item 1.21	46	41
1.23 Cash at end of quarter	1,335	1,335

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the
related entities

		Current quarter U\$'000
1.24	Aggregate amount of payments to the parties included in item 1.2	171
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

The aggregate payment comprises salaries to executive directors and directors' fees paid to non-executive directors of MedAire and travel reimbursements.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
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Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

	Amount available U\$'000	Amount used U\$'000
3.1 Loan facilities		
▪ Convertible Note	394	394
▪ Loan payable – short term	-	-
▪ Loan payable – long term	-	-
▪ Line of credit	1,000	200
3.2 Credit standby arrangements	-	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter U\$'000	Previous quarter U\$'000
4.1 Cash on hand and at bank	1,335	1,684
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,335	1,684

Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity	N/A	N/A
5.2 Place of incorporation or registration	N/A	N/A
5.3 Consideration for acquisition or disposal	N/A	N/A
5.4 Total net assets	N/A	N/A
5.5 Nature of business	N/A	N/A

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies, which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
(Director)

Date: 1/28/05

Print name: James Lara

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a)- policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **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 any) must be complied with.

+ See chapter 19 for defined terms.