Innovative BioMedical Devices
bioMD Limited ABN 35 088 221 078

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bioMD LIMITED

ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE

26 August 2004

Company Announcements Office
Australian Stock Exchange Limited
10th Floor, 20 Bond Street
SYDNEY NSW 2000

Dear Sir/Madam,

Re: Appendix 4E - Preliminary Final Report for the year ended 30 June 2005

The Directors of bioMD Limited are pleased to announce the audited results of the Company for the year ended 30 June 2005.

Yours faithfully,

C Bentley

Caroline L Bentley
Company Secretary

Appendix 4E

Preliminary Final Report

Name of entity

bioMD Limited

ABN	Financial year ended ("current period")
36 055 221 078	**30 June 2005**

For announcement to the market **$A'000's**

Revenues from ordinary activities	down	187%%	to	206
Profit (loss) from ordinary activities after tax attributable to members	down	172%	to	(1,768)
Net profit (loss) for the period attributable to members	down	172%	to	(1,768)

Dividends	**Amount per security**	**Franked amount per security**
Final dividend proposed	NIL¢	NIL¢
Interim dividend	NIL¢	NIL¢
	2005	**2004**
Net Tangible Asset Backing	$0.05	$0.06

Results Commentary

The operating loss after taxation of the Company for the year ended 30 June 2005 amounted to $1,767,760 (2004: $650,347). This includes a one-off write down of $1,090,574 related to costs of intellectual property (IP) acquired and equipment that has been superceded in the development process of the suite of products. The Directors have assessed that due to the uncertainty of future cashflows, they have resolved to make a conservative decision to write-off the carrying value of the IP held.

The Directors continues to develop the underlying technology and are of the opinion that there is potential for future profits from the development of the products through either sale or exploitation to generate shareholder wealth. The development of the products is highly prospective and the write-down does not in any way reflect any decision regarding the future viability of the products, it has been done on a conservative basis for accounting purposes.

Two of the injection therapy products have progressed through the Design review stage with some modifications. The prototypes have been shown to global distributors and discussions are continuing with those parties. A third injection therapy product has completed initial proof of concept prototypes.

A Research and Collaborative Agreement was signed with the CSIRO in January 2005, to develop a new base material for use in the manufacture of intravenous catheters and vascular access devices.

During the period the Company has also reviewed a number of potential medical device and technology opportunities.

As at 30 June 2005, bioMD maintained cash reserves of $A3.4 million or 4.7 cents per share.

Annual General Meeting

The Annual General Meeting will be held at 10.00am, Friday 21 October 2005
at the Conference Suite, Ground Floor, London House, 216 St Georges Terrace, Perth WA

Audit

The financial statements on which this report is based have been audited.

bioMD LIMITED (ACN 088 221 078)

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 $	2004 $
Total revenue from ordinary activities	2	**205,887**	71,820
Expenses from ordinary activities			
Asset write-down	3	**(1,090,574)**	-
Administrative expenses		**(787,806)**	(661,693)
Employee expenses		**(85,370)**	(49,582)
		(1,963,750)	(711,275)
Depreciation	3	**(9,897)**	(4,076)
Borrowing costs expense	3	**-**	(6,816)
Profit/(Loss) from ordinary activities before related income tax expense		**(1,767,760)**	(650,347)
Income tax expense relating to ordinary activities		**-**	-
Profit/(Loss) from ordinary activities after related income tax expense		**(1,767,760)**	(650,347)
Net Profit/(Loss) attributable to members of the Company		**(1,767,760)**	(650,347)
Total changes in equity from non-owner related transactions attributable to members of the Company		**(1,767,760)**	(650,347)
Basic earnings per share	14	**(0.025)**	(0.011)

The above Statement of Financial Performance should be read in conjunction with the accompanying notes.

bioMD LIMITED (ACN 088 221 078)

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005

	Note	2005 $	2004 $
CURRENT ASSETS			
Cash	15	**3,362,007**	3,718,150
Receivables	5	**9,138**	-
Other	6	**11,903**	1,735
TOTAL CURRENT ASSETS		**3,383,048**	3,719,885
NON-CURRENT ASSETS			
Property, plant & equipment	7	**142,493**	202,808
Intangible assets	8	**301,211**	1,145,238
TOTAL NON-CURRENT ASSETS		**443,704**	1,348,046
TOTAL ASSETS		**3,826,752**	5,067,931
CURRENT LIABILITIES			
Payables	9	**21,611**	55,499
TOTAL CURRENT LIABILITIES		**21,611**	55,499
TOTAL LIABILITIES		**21,611**	55,499
NET ASSETS		**3,805,141**	5,012,432
EQUITY			
Contributed equity	10	**6,511,014**	5,950,545
Accumulated losses	12	**(2,705,873)**	(938,113)
TOTAL EQUITY	11	**3,805,141**	5,012,432

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

bioMD LIMITED (ACN 088 221 078)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2005

	Note	**2005** **$**	2004 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest paid		**-**	(6,816)
Interest received		**205,887**	71,821
Payment to suppliers		**(926,371)**	(648,850)
NET CASH OUTFLOWS FROM OPERATING ACTIVITIES	15	**(720,484)**	(583,845)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment		**(40,155)**	(206,885)
Payments for intangible assets		**(54,723)**	(1,145,238)
Payments for R and D costs		**(101,250)**	-
Loan from related entity		**-**	249,245
NET CASH IN/(OUT) FLOWS FROM INVESTING ACTIVITIES		**(196,128)**	(1,102,878)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues		**631,046**	6,089,925
Share issue transaction costs		**(70,577)**	(435,502)
NET CASH INFLOWS FROM FINANCING ACTIVITIES		**560,469**	5,654,423
NET INCREASE/(DECREASE) IN CASH HELD		**(356,143)**	3,967,700
CASH AT BEGINNING OF THE YEAR		**3,718,150**	(249,550)
CASH AT THE END OF THE YEAR	15	**3,362,007**	3,718,150

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation
This general-purpose financial report has been prepared in accordance with Australian Accounting Standards, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative announcements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The Company is incorporated and domiciled in Australia.

It has been prepared on the basis of historical costs and, except where stated, does not take into account changing money values or fair values of non-current assets.

Unless otherwise stated, the accounting policies have been consistently applied with those of the previous year.

(b) Acquisition of assets
All assets acquired including property, plant and equipment and intangibles other than goodwill are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. When equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received, otherwise expensed.

(c) Borrowing costs
Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings and amortisation of ancillary costs incurred in connection with arrangement of borrowings.

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the assets. Borrowing costs are capitalised using a weighted average capitalisation rate.

(d) Revenue recognition
Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST).

Sale of goods
Revenue from the sale of goods is recognised when control of the goods passes to the customer.

Interest revenue
Interest revenue is recognised as it accrues.

Sale of non-current assets
The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

(e) Taxation
The Company adopts the income statement liability method of tax effect accounting.

Income tax is regarded as an expense on operating profit after adjusting for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the Statement of Financial Position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is beyond reasonable doubt. Future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain.

(f) Recoverable amount of non-current assets valued on cost basis
The carrying amounts of non-current assets valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to its recoverable amount. The write-down is recognised as an expense in the net profit or loss in the reporting period in which it occurs. Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed on this basis in relation to that group of assets.

In assessing recoverable amounts of non-current assets, the relevant cash inflows have not been discounted to their present value, except where specifically stated.

(g) Cash
For purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and deposits at call which are readily convertible to cash within two working days, net of outstanding bank overdrafts.

Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

(h) Depreciation
Depreciation is calculated on a straight-line basis on all property, plant and equipment over its expected useful life. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for appropriateness.

The expected useful life for the following class of assets are as follows:

- Plant and equipment: 3 years

Assets are depreciated from the date of acquisition or, in respect of internally generated assets, from the time an asset is completed and held ready for use.

(i) Payables
Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 30 days.

(j) Interest bearing liabilities
Interest bearing liabilities are measured at the principal amount. Interest is charged as an expense as it accrues.

(k) Earnings per share
Basic earnings per share
Basic earnings per share is determined by dividing the profit from ordinary activities after related income tax expense by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

(l) Employee entitlements
Wages, salaries, annual leave and sick leave
Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to balance date. These benefits include salary and wages, annual leave and long service leave.

Liabilities arising in respect of salary and wages and annual leave expected to be settled within 12 months of the reporting date are measured at their nominal values.

Long service leave
The liability for long service leave is measured as the present value of expected future outflows to be made in respect of services provided by employees up to the reporting date.

Superannuation plan
Contributions are made by the Company to employee superannuation funds and are charged as expenses when incurred.

(l) Employee entitlements - cont.
Employee share and option plans
Where options are issued to employees as remuneration for past services, the fair value of consideration received, if any, is recorded in contributed equity.

Transaction costs associated with issuing options are recognised in equity subject to the extent of proceeds received, otherwise expensed. Other administrative costs are expensed.

(m) Goods and services tax
Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax ("GST"), except where the amount of GST incurred is not recovered from the Australian Taxation Office ("ATO"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

The net amount of GST recovered from, or payable to, the ATO is included as a current asset or liability in the Statements of Financial Position.

Cash flows are included in the Statements of Cash Flows on a gross basis.

Receivables and payables are stated with the amount of GST included.

(n) Intangible assets and expenditure carried forward
Intellectual property
Costs incurred on intellectual property acquired are deferred to future periods to the extent that they are expected beyond any reasonable doubt to be recoverable. Deferred costs are to be amortised from the commencement of commercial production of the product to which they relate on a straight-line basis.

Patents and trademarks
Significant costs associated with patents and trademarks are deferred and will be amortised on a straight-line basis over the period of their expected benefit.

Research and development
Research and development expenditure spent on the CSIRO project are capitalised to the extent that the costs are recoverable beyond reasonable doubt. Such costs will be amortised on a straight-line basis over the period of their expected benefit.

2. REVENUE FROM ORDINARY ACTIVITIES

	2005 $	2004 $
Revenue from operating activities		
Interest from other parties	**205,887**	71,820
Total revenue from ordinary activities	**205,887**	71,820

3. PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE

Profit/(Loss) from ordinary activities before income tax expense includes the specific net gains and expenses:

Expenses		
Consultancy costs	**377,039**	438,792
Operating Lease rental expense	**29,040**	-
Depreciation		
Plant & equipment	**9,897**	4,076
Write-down of plant & equipment	**90,574**	-
Write-down of intangible assets	**1,000,000**	-
Borrowing costs		
Finance charges on capitalised leases	**-**	6,816

	2005 $	2004 $

4. TAXATION

(a) Income tax expense
The difference between income tax expense provided in the financial statements and the prima facie income tax expense is reconciled as follows:

	2005	2004
Prima facie tax expense at 30% (2004: 30%) on the profit/(loss) from ordinary activities	**(530,328)**	(195,104)
Tax effect of permanent differences	**1,176**	708
Future income tax benefit not bought to account	**(529,152)**	(194,396)

(b) Future income tax benefit not brought to account
As at 30 June 2005, the Directors estimate that the potential future income tax benefit in respect of tax losses not brought to account is as follows:

	2005	2004
Future income tax benefit not bought to account	**723,548**	194,396

The potential future income tax benefit will only be obtained if:
(i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised by the Company in accordance with the *Income Tax Assessment Act 1997*;
(ii) the Company continues to comply with the conditions for deductibility imposed by the law; and
(iii) no changes in tax legislation adversely affect the Company in realising the benefit.

(c) Dividend Franking Account

There are no franking account credits available as at 30 June 2005.

5. CURRENT RECEIVABLES

	2005	2004
Accrued Interest	**9,138**	-

6. OTHER CURRENT ASSETS

	2005	2004
Other receivables	**11,903**	1,735

	2005 $	2004 $

7. PROPERTY, PLANT & EQUIPMENT

	2005 $	2004 $
Plant & equipment		
At cost	**156,466**	206,884
Accumulated depreciation	**(13,973)**	(4,076)
Total written down value	**142,493**	202,808
Reconciliation		
Plant & equipment	**202,808**	-
Additions	**40,155**	206,884
Disposals	-	-
Asset write-down	**(90,573)**	-
Depreciation	**(9,897)**	(4,076)
	142,493	202,808

8. INTANGIBLE ASSETS

	2005 $	2004 $
Intellectual Property	-	1,000,000
Patents	**199,961**	145,238
Research and Development Expenditure	**101,250**	-
	301,211	1,145,238

The intellectual property represented the acquisition price for the suite of medical device products, purchased upon the successful listing of the Company.

9. PAYABLES

	2005 $	2004 $
Trade creditors	**13,200**	48,221
Accruals	**4,900**	5,000
Employee provisions	**3,511**	2,278
	21,611	55,499

10. CONTRIBUTED EQUITY

	2005 Shares	2004 Shares	**2005 $**	2004 $
Issued and paid-up ordinary capital				
70,866,251 ordinary shares, fully paid	**70,866,251**	70,116,251	**6,511,014**	5,950,545
Movements in shares on issue				
Beginning balance at the start of the financial year	**70,116,251**	31,464,000	**5,950,545**	296,122
Share consolidation (1 for 4)	-	(23,597,749)	-	-
Issued during the year	**750,000**	62,250,000	**631,046**	6,089,925
Less transaction costs arising from share issues	-	-	**(70,577)**	(435,502)
Balance at the end of financial year	**70,866,251**	70,116,251	**6,511,014**	5,950,545

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

11. TOTAL EQUITY RECONCILIATION

	2005 **$**	2004 $
Total equity at beginning of the year	**5,012,432**	8,356
Total changes in parent entity interest in equity recognised in the Statement of Financial Performance	**(1,767,760)**	(650,347)
Transactions with owners as owners:		
Issue of ordinary shares	**560,469**	5,654,423
Total equity at end of the year	**3,805,141**	5,012,432

12. ACCUMULATED LOSSES

Balance at the beginning of year	**(938,113)**	(287,766)
Net profit/(loss) attributable to members of the Company	**(1,767,760)**	(650,347)
Balance at end of the year	**(2,750,873)**	(938,113)

13. AUDITORS' REMUNERATION

	2005 **$**	2004 $
Audit services		
Horwath Audit (WA) Pty Ltd		
Auditor of the Company	**12,761**	10,046
Taxation services		
Horwath (WA) Pty Ltd	**22,255**	-
Horwath Securities (WA) Pty Ltd		
Due diligence	-	6,908
Independent accountant's report	-	5,015

14. EARNINGS PER SHARE

	2005 **Number**	2004 Number
Weighted average number of ordinary shares used in the calculation of Basic earnings per share	**70,190,224**	60,585,864

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

15. STATEMENT OF CASH FLOWS

	2005 $	2004 $
(a) Reconciliation of Cash		
Cash	**725,294**	679,166
Deposits	**2,636,713**	3,038,984
Total cash at end of the year	**3,362,007**	3,718,150

(b) Reconciliation of loss from ordinary activities after income tax to net cash flows provided by operating activities

	2005 $	2004 $
Profit/(Loss) from ordinary activities after tax	**(1,767,760)**	(650,347)
Non-Cash items		
Depreciation	**9,897**	4,076
Asset write-down	**90,574**	-
Intangible asset write-down	**1,000,000**	-
Accrued interest	**(9,138)**	-
Loan forgiveness	**-**	756
Changes in assets and liabilities		
(Increase)/decrease in receivables	**(10,168)**	13,811
Increase/(decrease) in creditors	**(33,889)**	47,859
Net cash provided by/(used in) operating activities	**(720,484)**	(583,845)

16. SEGMENT REPORTING

The Company operates in one segment within Australia in the medical devices market.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

17. FINANCIAL INSTRUMENTS

Interest rate risk
The Company is subject to cash flow risks associated with interest rates on borrowings that are floating.

The Company's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

			Fixed Interest Maturing in:				
2005 $	Notes	Floating interest rate $	1 year or less $	Over 1 to 5 years $	5 years $	Non-interest bearing $	TOTAL
Financial Assets							
Cash	15	725,294	-	-	-	-	725,294
Deposits	15	2,636,713	-	-	-	-	2,636,713
Receivables		-	-	-	-	11,903	11,903
		3,362,007	-	-	-	11,903	3,373,910
Weighted average interest rate		5.35%	-	-	-	-	
Financial Liabilities							
Payables	9	-	-	-	-	(21,611)	(21,611)
		-	-	-	-	(21,611)	(21,611)
Weighted average interest rate		-	-	-	-	-	
Net Financial Assets (Liabilities)		3,362,007	-	-	-	(9,708)	3,352,299

			Fixed Interest Maturing in:				
2004 $	Notes	Floating interest rate $	1 year or less $	Over 1 to 5 years $	5 years $	Non-interest bearing $	TOTAL
Financial Assets							
Cash	15	679,166	-	-	-	-	679,166
Deposits	15	3,038,984	-	-	-	-	3,038,984
Receivables		-	-	-	-	1,735	1,735
		3,718,150	-	-	-	1,735	3,719,885
Weighted average interest rate		5.27%	-	-	-	-	
Financial Liabilities							
Payables	9	-	-	-	-	(55,499)	(55,499)
		-	-	-	-	(55,499)	(55,499)
Weighted average interest rate		-	-	-	-	-	
Net Financial Assets (Liabilities)		3,718,150	-	-	-	(53,764)	3,664,386

17. FINANCIAL INSTRUMENTS - cont

Reconciliation of net financial assets to net assets

	Notes	2005 $	2004 $
Net financial assets/(liabilities) as above		**3,352,299**	3,664,386
Non-financial assets and liabilities			
- Current receivables	5	**9,138**	-
- Intangibles		**301,211**	1,145,238
- Property, plant & equipment	7	**142,493**	202,808
Net assets per Statement of Financial Position		**3,805,141**	5,012,432

Net fair value of financial assets and liabilities

On-balance sheet
The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Company approximates their carrying value.

The net fair value of other monetary financial assets and financial liabilities is based upon market price where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

The carrying amounts and net fair values of financial assets and liabilities at balance date are:

	2005		2004	
	Carrying Amount $	**Net Fair Value $**	Carrying Amount $	Net Fair Value
On-balance sheet financial instruments				
Financial Assets				
- Cash	**725,294**	**725,294**	679,166	679,166
- Deposits	**2,636,713**	**2,636,713**	3,038,984	3,038,984
- Other debtors	**11,903**	**11,903**	1,735	1,735
	3,373,910	**3,373,910**	3,719,885	3,719,885
Financial Liabilities				
- Other liabilities	**21,611**	**21,611**	55,499	55,499
	21,611	**21,611**	55,499	55,499

There are no off-balance sheet financial instruments.

18. RELATED PARTIES

Directors

The following persons were Directors of bioMD Limited during the financial year and up to the date of this report:

Robert N. Scott
Michael C. Bennett
Robert E. T. Towner

Apart from the details disclosed in this note, no Director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving directors' interests subsisting at year-end.

Directors' remuneration

The following table outlines the nature and amount of the elements of the remuneration of specified Directors of the Company for the year ended 30 June 2005:

Name	Directors' fees $	Consulting fees $	Non-cash Benefits $	Super Contributions $	Options Issued $	Retirement Benefits $	Total $
Directors							
Non-Executive							
R. N. Scott	35,000	-	-	3,150	-	-	38,150
Executive							
M. C. Bennett	-	177,000	-	-	-	-	177,000
R. E. T. Towner	-	177,000	-	-	-	-	177,000

Directors' holdings of shares and share options

The interests of Directors of the Company and their Director-related entities in shares and share options of the Company at year-end are set out below:

Options	Expiry date	Exercise Price $	Held at 1 July 2004	Purchased	Exercised	Lapsed	Held at 30 June 2005
2005							
R. N. Scott	30 August 2007	0.20	-	157,500	-	-	157,500
M. C. Bennett	16 July 2006	1.00	600,000	-	-	-	600,000
	30 May 2006	2.00	75,000	-	-	-	75,000
	30 August 2007	0.20	-	513,219	-	-	513,219
R. E. T. Towner	16 July 2006	1.00	600,000	-	-	-	600,000
	30 May 2006	2.00	75,000	-	-	-	75,000
	30 August 2007	0.20	-	7,200,000	-	-	7,200,000

18. RELATED PARTIES - cont

Shares	Held at 1 July 2004	Issued	Purchased	Sold/ Transferred	Held at 30 June 2005
2005					
R. N. Scott	175,000	-	-	-	175,000
M. C. Bennett	8,025,938	-	-	-	8,025,938
R. E. T. Towner	8,000,000	-	225,000	-	8,225,000

Directors' transactions with the Company

Management Services

Omnimed Pty Ltd, a company in which Mr M Bennett has an interest, has an agreement with the Company to provide management consulting services for a period of three years, commencing on 1 July 2003.

Mandolin Pty Ltd, a company in which Mr R Towner has an interest, has an agreement with the Company to provide management consulting services for a period of three years, commencing on 1 July 2003.

Amadeus Energy Ltd, a company in which Mr R Scott is a director, has an agreement with the Company to provide company secretarial and administration services for a period of one year, commencing on 1 December 2003 and also a sub-lease for office space for a period of 3 years, commencing on 1 January 2004.

	2005 **$**	2004 $
Total payable to Director-related entities during the financial year are set out below:		
Omnimed Pty Ltd	177,000	190,000
Mandolin Pty Ltd	177,000	239,750
Amadeus Energy Ltd	24,000	42,079

19. SUBSEQUENT EVENTS

No material subsequent events have occurred since 30 June 2005.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

20. IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS

The Australian Accounting Standards Board (AASB) is adopting the International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issue Group has issued interpretations corresponding to IASB interpretations originated by the international Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. These Australian equivalents to IFRS are referred to hereafter as AIFRS. The adoption of AIFRS will be first reflected in the entity's financial statements for the half-year ending December 2005 and the year ending 30 June 2006.

Entities complying with AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

bioMD LIMITED (ACN 088 221 078)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

20. INTERNATIONAL FINANCIAL REPORTING STANDARDS - cont

The Company has been working on the transition to AIFRS to gather all the required financial information. Progress has been reported to the Audit Committee. An analysis of all of the AIFRS has been undertaken and identified any changes required to accounting policies that are most appropriate to the Company.

The known or reliably estimable impacts on the financial report for the year ended 30 June 2005 had it been prepared using AIFRS are set out below. The expected financial effects of adopting AIFRS are shown for each line item in the Statements of Financial Performance and Statements of Financial Position, with descriptions of the differences. No material impacts are expected in relation to the Statements of Cash Flows.

Although the adjustments disclosed in this note are based on management's best knowledge of expected standards and interpretations, and current facts and circumstances, these may change. For example, amended or additional standards or interpretations may be issued by the AASB and the IASB. Therefore, until the Company prepares its first full set of AIFRS financial statements, the possibility cannot be excluded that the accompanying disclosures may have to be adjusted.

Impact on the Statement of Financial Performance

The Company

	Note	Existing GAAP	Effect of Change	AIFRS
Total revenue from ordinary activities	2	**205,887**	-	205,887
Expenses from ordinary activities				
Asset write-down	3	**(1,090,574)**	-	(1,090,574)
R and D write-down		-	(101,250)	(101,250)
Administrative expenses		**(787,806)**	(868)	(788,674)
Employee expenses		**(85,370)**	(25,809)	(111,179)
		(1,963,750)	(127,927)	(2,091,677)
Depreciation	3	**(9,897)**	-	(9,897)
Borrowing costs expense		-	-	-
Profit/(Loss) from ordinary activities before related income tax expense		**(1,767,760)**	(127,927)	(1,895,687)
Income tax expense relating to ordinary activities	4	-	-	-
Profit/(Loss) from ordinary activities after related income tax expense		**(1,767,760)**	(127,927)	(1,895,687)
Net Profit/(Loss) attributable to members of the Company		**(1,767,760)**	(127,927)	(1,895,687)
Total changes in equity from non-owner related transactions attributable to members of the Company		**(1,767,760)**	**(127,927)**	**(1,895,687)**
Basic earnings per share		**(0.025)**		(0.027)

20. INTERNATIONAL FINANCIAL REPORTING STANDARDS - cont

Impact on the Statement of Financial Position

		The Company		
	Note	Existing GAAP	Effect of Change	AIFRS
CURRENT ASSETS				
Cash	15	**3,362,007**	-	3,362,007
Receivables	5	**9,138**	-	9,138
Other	6	**11,903**	-	11,903
TOTAL CURRENT ASSETS		**3,383,048**	-	3,383,048
NON-CURRENT ASSETS				
Property, plant & equipment	7	**142,493**	-	142,493
Intangible assets	8	**301,211**	(101,250)	199,961
TOTAL NON-CURRENT ASSETS		**443,704**	(101,250)	342,454
TOTAL ASSETS		**3,826,752**	(101,250)	3,725,502
CURRENT LIABILITIES				
Payables	9	**21,611**	2,587	24,198
TOTAL CURRENT LIABILITIES		**21,611**	2,587	24,198
TOTAL LIABILITIES		**21,611**	2,587	24,198
NET ASSETS		**3,805,141**	(103,837)	3,701,304
EQUITY				
Contributed equity	10	**6,511,014**	-	6,511,014
Reserves		-	24,090	24,090
Accumulated losses	12	**(2,705,873)**	(127,927)	(2,833,800)
TOTAL EQUITY	11	**3,805,141**	(103,837)	3,701,304

Notes explaining the impacts on the Statements of Financial Performance and Statements of Financial Position

(a) Income tax

Under AASB 112 "Income Taxes", deferred tax balances are determined using the "balance sheet" approach, which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

This will result in more deferred tax assets and liabilities; as tax effects follow the underlying transaction, some tax effects will be recognised in equity.

(b) Equity-based compensation benefits

Under AASB 2 "Share-based Payment", from 1 July 2004 the group is required to recognise an expense for those options that were issued to employees under the Staff Option Plan after 7 November 2002 but not vested by 1 January 2005.

This will result in a change to the current accounting policy under which no expense is recognised for equity-based compensation.

If the policy required by AASB 2 had been applied during the year ended 30 June 2005, the Company's retained profits as at 30 June 2005 would have been $24,090 lower, with a corresponding increase in the share-based payment reserve. For the year ended 30 June 2005, the Company's employee benefits expense would have been $24,090 higher, with a corresponding increase in the net movement in the share-based payment reserve.

20. INTERNATIONAL FINANCIAL REPORTING STANDARDS - cont

(c) Comparatives
Changes in accounting policies will be recognised by restating comparatives rather than making current year adjustments with note disclosure of prior year effects.

(d) Research and Development
Under the new IFRS, expenditure on research and development will be expensed whereas under current Australian GAAP certain research costs are included within development projects and therefore capitalised.

Under AIFRS, expenditure on development activities must be capitalised if the product or process is technically and commercially feasible and the entity has sufficient resources to complete the development. Capitalised development expenditure will be stated at cost less accumulated amortisation and impairment losses.

On transition as at 30 June 2005, research expenditure previously capitalised will be written off and an adjustment of $101,250 is to be expensed and the carrying value of the asset accordingly reduced by that amount.

(e) Employee Benefits
Under AASB 119 "Employee Benefits", provision must be made for long service leave to all employees using a discount PV calculation. Currently, the Company does not accrue for any long service leave provisions until five years of continuous service. The impact of AIFRS is to increase employee expenses by $1,719 and a non-current provision raised for this amount.

(f) Leases
Under AASB 117 "Leases", a lease rental agreement that allows for specified fixed increases per annum must be expensed on a straight-line basis over the term of the rental agreement. Currently, the Company records office lease rental expenses on a cash basis. The impact of AIFRS is to increase the operating lease expense for the year ended 30 June 2005 by $868.

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to IFRS, as not all standards have yet been analysed and some decisions have not yet been made where choices of accounting policies are available. For these reasons, it is not yet possible to quantify the impact of the transition to IFRS on the Company's financial position and reported results.

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:
   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   (ii) giving a true and fair view of the Company's financial position as at 30 June 2005 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and

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

The Directors have been given the declarations by the managing director and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

ROBERT N SCOTT
Non-Executive Chairman

Perth, Western Australia

26 August 2005

Horwath

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Independent audit report to members of bioMD Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial performance, statement of financial position, statement of cash flows, and accompanying notes to the financial statements for bioMD Limited (the company), and the directors' declaration for the year ended 30 June 2005.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

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Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Audit opinion

In our opinion, the financial report of bioMD Limited is in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2005 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

Dated at Perth on this the 26th day of August 2005.

HORWATH
Audit (WA) Pty Ltd

HORWATH.
Glyn O'Brien

GLYN O'BRIEN
Director