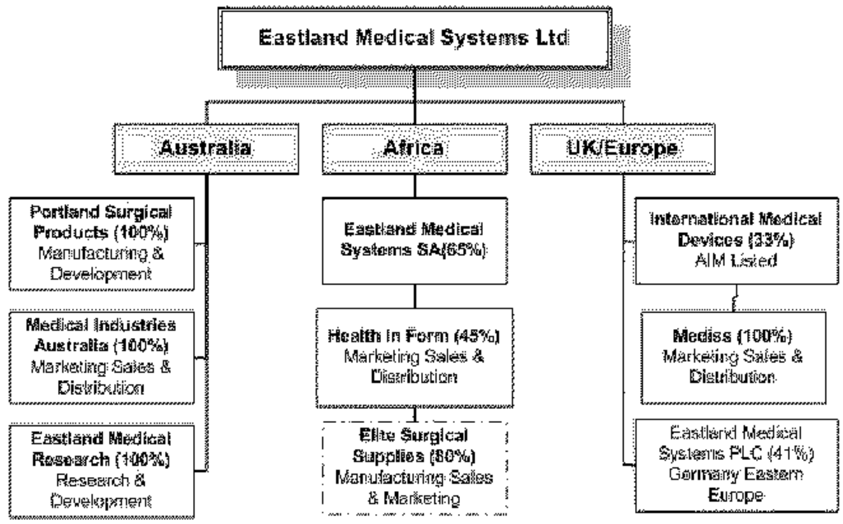
Shareholder Update

November 2005

This update provides an overview of the current activities of Eastland Medical Systems Ltd (Eastland®) together with the drivers for projected growth over the coming months.

Additionally comparisons have been drawn to show relative performance of similar companies in the medical devices sector.



Australian Operations.

Medical Industries Australia.

Medical Industries is the cornerstone in Eastlands international distribution strategy. The relocation of operations to modern and enlarged premises in Lane Cove Sydney has effectively doubled existing warehouse capacity, improving customer service and increasing reliability. This new Distribution Centre incorporates a 300m2 showroom displaying the entire Medical Industries product range for both buyers and medical staff to view prior to purchase.

People are a critical factor in any successful organisation and new Managing Director Ed Hawton is a major driving force in the continuing growth of Medical Industries. His contribution of more than 25 years of medical industry experience as a senior executive has significantly strengthened the management team.

This year has also seen new focus on the target markets of "Women's Health", "Aged Care" and in "Hospital Furniture." These expanding segments provide significant growth opportunities.

Building upon the synergies within the expanded group of companies, further immediate opportunities for the Australian market are being pursued through collaboration with "Meddis," a wholly owned subsidiary of International Medical Devices plc (IMD). Meddis have several proprietary devices and are a UK medical distribution company with a product range of specialty medical devices, theatre equipment and disposable medical products.

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Portland Surgical Products.

Portland not only provides product development capability but delivers in-house manufacturing capacity to permit efficient test marketing and low cost entry to global markets.

Completion of the exclusive distribution agreement, with International Medical Devices plc, for the Portland range of specialty needles and surgical products provides the opportunity to grow significant International sales over the coming 12 months. In July a 5 year, $5 million Supply & Distribution Agreement was concluded with Sutherland Medical Pty Ltd for a range of fluid administration sets for the Australian market. This new product range will be promoted internationally through other Eastland Group companies.

Synergies have also delivered cost benefits to the group with Portland taking over manufacturing of several MIA products which were previously outsourced.

International Operations - United Kingdom/Europe/ America

International Medical Devices plc.

In July of this year Eastland concluded its investment in International Medical Devices plc (IMD) which is listed on the London Stock Exchange Alternate Investment Market (AIM).

The vending of exclusive distribution rights over a range of Eastland, Portland Surgical and Medical Industries Australia products in certain territories in exchange for the issue by IMD of 40,500,000 new Ordinary Shares to Eastland. This interest represents 32.62% of the enlarged share capital of IMD at the time of shareholder ratification.
International Medical Devices plc was admitted to AIM in November 2004 with the purpose of acquiring companies or businesses operating the health and medical devices sector which have the prospect of delivering high return and significant capital growth.
IMD announced on the 19 September 05 that it had acquired the entire shareholding of Meddis a distributor of specialised medical devices. Meddis sells a range of products from theatre equipment to disposables, to hospitals and medical practitioners, both directly and through the NHS Purchasing and Supply Agency. This acquisition marks a significant step in IMD's aim of building the Company into one of the UK's leading suppliers of medical devices.

Eastland Medical Systems plc

With the investment in IMD, Eastland has changed the focus for EMS plc. This company will now target the German and Eastern European Marketplace.

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International Operations - Sub-Saharan Africa

Health In Form. (HIF)

Acquiring a 45% interest in South African based medical distribution company Health in Form has established Eastlands presence in the Sub Saharan marketplace.
Since the acquisition HIF has continued to grow steadily, with the first shipment of Medical Industries products of A$70,000 being followed by HIF recently winning several contracts worth in excess of Rand 1 million (A$210,000). The continuing introduction of new product lines together with ongoing increasing market share will contribute to increased revenues both through HIF and Medical Industries.

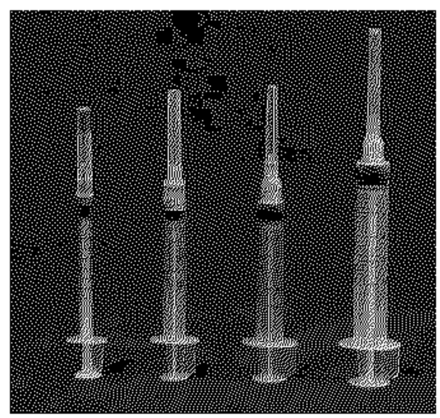
Elite Surgical Supplies (Pty) Ltd. (Elite).

In August 2005 the Company entered into an agreement with Elite owners to purchase 80% of the share capital. Elite are based in Pretoria South Africa and a successful manufacturer of Orthopedic products to the South African markets. The completion of our due diligence is anticipated in the near future.
On settlement, the Elite product range will be marketed internationally through the Eastland Groups subsidiaries and Associated Companies.

Technology Development

"RETRACTA" Retractable Syringes

A key objective is to bring to market a comprehensive range of safer injectable devices to ensure the wide range of market needs is met. Eastland has now reached the final stage in its plan to introduce to market a comprehensive range of easy to use, cost effective retractable syringes to both the Australian and International markets. This product range will be marketed under the RETRACTA name.



The TGA (Therapeutic Goods Administration) has confirmed that registration has been granted for the contract manufacturer for the RETRACTA range of manual retractable syringes. The TGA is currently auditing the technical files for the devices and upon successful completion of this process Eastland will launch the product range in Australia. Submissions are currently underway for European (CE) marking and also for approval by the regulatory Authorities in South Africa.

The RETRACTA range will be available in 1ml, 3ml, 5 ml and 10ml sizes which represent more than 95% of the devices used in the Australian market.

Unlike some automatic and manual retractable devices, the RETRACTA 3ml, 5ml and 10 ml devices all have interchangeable needle mounts enabling the healthcare worker to use any standard needle with the device, thereby ensuring the syringe has the same flexibility as the standard devices currently in use. Another major advantage is the fact that there is no "dead space" enabling RETRACTA to be used for critical applications such as administration of insulin for diabetes and heparin for anticoagulant therapy. The price to market of RETRACTA is expected to be significantly less than that of automatic retractable devices now in development by other companies.

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PAP – Precision Angular Presentation Technology

Throughout 2004/5 significant time and resources have been spent in re- evaluating our revolutionary PAP needle grinding technology. Our findings reassure us that this ground breaking engineering technology has significant application in the manufacturer of needles and applications in other industries. We continue to pursue international opportunities which would provide significant financial and technical support for the commercial development of PAP technology and allow us to evaluate other applications for the technology outside needle production.

Eastland Medical Systems - Corporate Update.

Shares on Issue-(EMS) Fully paid ordinary quoted	128,427,234
Quoted options (EMSO) Exercisable at $0.20 cents by 30 November 2006.	2,898,479
Unlisted options (EMSAI) Exercisable at $0.20cents by 31 December 2005.	2,896,469
Market Capitalisation (undiluted for Options)	$17.98 million
Top 20 Shareholders hold %	51.83%

Financial Summary.

Revenue	240,000	5,122,000	8,306,000
EBITDA (millions)	(1.065)	(0.968)	(1.929)
NPAT Profit (millions)	(1.065)	(0.968)	(1.929)
Earnings Per Share (Cents)	(0.012)	(0.009)	(0.016)

Operations continued to deliver strong revenue growth of 62.7% to $8.306 million in the past year. Since the end of the financial year, Portland Surgical Products has signed a 5 year Supply and Distribution agreement for $5 million.

Eastland, its Subsidiaries and Associated Company revenues are expected to grow significantly over the coming 12 months as acquisitions of distributor operations expand the markets. International Medical Devices of which Eastland holds a significant investment recently purchased "Meddis" a UK based company with sales revenues at the end of March 05 of £1.985 Stg million (A$4.78 million)

Competitor Comparisons.

A recent review of the ASX Listed companies operating within the Biotech industry with a similar product focus to Eastland has identified seven listed companies. The following review compares Eastlands results with these companies based on their end of year ASX published accounts (30 June '05) and latest ASX quarterly commitments reports (30 September '05). To the 30 June 05 only one other company has any significant sales revenue of value, with the remaining six showing minimal non sales revenue.

We have prepared comparisons on the Financial Performance (Profit & Loss) and Financial Position (Balance Sheet) of each of those companies as reported to the ASX as set out in the attached schedules along with the last quarter's (30 September05) results;

Schedule 1 Impact on Profit & Loss as at 30 June 2005 and including a separate column detailing the impact of the Ratification of IMD Investment by EMS.

Schedule 2 Impact on Balance Sheet as at 19 July 2005. and including a separate column detailing the impact of the Ratification of IMD Investment by EMS

Schedule 3 Results from ASX quarterly commitment statement as at 30 September 2005

Comparing this data demonstrates Eastlands financial performance substantially exceeds that of the majority of its competitors in this market segment. This is particularly important in the areas of both Asset Growth and Revenue Performance.

The data from the September Quarter 2005 continues to follow this trend and not only reinforces Eastlands ongoing strong performance but emphasizes the underlying strength of the business model Eastland has implemented to date.

Conclusion

The coming 12 months will complete the transformation of the Eastland Group from a small Australian focused medical company to becoming a truly global participant in the medical products market place. Combined annualised revenues for Eastland and its associate companies are projected to grow substantially in the 2005-6 year.

To realise this vision several major milestones have been set for 2005/6

- Introduce the RETRACTA range of Safety Syringes to the Australian, European and African markets
- Secure PAP Technology Partnership Agreement
- Penetrate the European Market with both the Medical Industries and Portland Surgical Product ranges.
- Conclude the acquisition of Elite Surgical in South Africa
- Finalise the Brandenburg Technology Center

F.D. O'Sullivan.
Managing Director

Schedule 1. - Annual 4E 30 June 2005.

The following comparison table takes into account the benefit received by Eastland of the investment from the issue of 40,500,000 ordinary shares in International Medical Devices (IMD) for the vending of exclusive Distribution rights over a range of Eastland, Portland Surgical & Medical Industries products to certain territories. These transactions were not concluded until IMD Shareholder ratification on the 19 July 2005 and will be included in the 2005/06 financial year. The following comparisons show the impact of this transaction had it been finalized as at 30 June 05 figures.

Summary of Statement of Financial Performance. - (Profit & Loss Statement)

Company Name	Eastland Medical Systems Ltd As at 30 June 05	Eastland Medical Systems Ltd As at 19 July '05	RiTract Limited As at 30 June 05	Unilife Medical Solutions Limited As at 30 June 05	Occupational & Medical Innovations Limited As at 30 June 05	Norwood Abbey Limited As at 30 June 05	IMD Group Limited As at 30 June 05	BioMd Limited As at 30 June 05	Medigard Limited As at 30 June 05
ASX code	**EMS**	**EMS**	**RTL**	**UNI**	**OMI**	**NAL**	**IML**	**BOD**	**MGZ**
Sales Revenue	**8,140,297**	**8,140,297**			**211,204**	**2,196,000**	**239,594**		
Other Revenue #	**157,281**	**#1,130,839**	**190,813**	**391,876**	**194,695**	**1,595,000**	**85,511**	**205,887**	**346,598**
Total Revenue	8,297,578	9,271,136	190,813	391,876	405,899	3,791,000	325,105	205,887	346,598
Total Expenses	**(10,226,507)**	**(10,226,507)**	**(3,981,653)**	**(7,791,795)**	**(4,726,537**	**(53,330,000)**	**(2,718,301)**	**(1,973,647)**	**(684,708)**
Net Operating Profit (Loss)	(1,928,929)	(955,371)	(3,790,840)	(7,399,919)	(4,320,638)	(49,539,000)	(2,393,196)	(1,767,760)	(338,110)
Shares on Issue	**122,021,156**	**122,021,156**	**70,367,301**	**94,902,576**	**29,530,626**	**171,728,526**	**52,267,877**	**70,190,224**	**67,000,000**
Basic earnings/loss per share (cents)	**(1.58)**	**(0.78)**	**(5.39)**	**(7.80)**	**(14.63)**	**(28.85)**	**(4.58)**	**(2.52)**	**(0.50)**

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Schedule 2. Annual 4E 30 June 2005.

Summary of Statement of Financial Position. - (Balance Sheet)

Company Name	Eastland Medical Systems Ltd As at 30 June 05	Eastland Medical Systems Ltd As at 19 July '05	RiTract Limited As at 30 June 05	Unilife Medical Solutions Limited As at 30 June 05	Occupational & Medical Innovations Limited As at 30 June 05	Norwood Abbey Limited As at 30 June 05	IMD Group Limited As at 30 June 05	BioMd Limited As at 30 June 05	Medigard Limited As at 30 June 05
ASX code	**EMS**	**EMS**	**RTL**	**UNI**	**OMI**	**NAL**	**IML**	**BOD**	**MGZ**
Current Assets	5,556,446	5,556,446	3,191,458	6,240,298	2,770,944	11,933,000	2,585,291	3,383,048	2,842,729
Non Current Assets #	9,394,912	#19,195,912	4,256,913	17,230,684	16,198,536	20,493,000	590,866	443,704	114,630
Total Assets	**14,951,358**	**24,752,358**	**7,448,371**	**23,470,982**	**18,969,480**	**32,426,000**	**3,176,157**	**3,826,752**	**2,957,359**
Current Liabilities	(2,763,337)	(2,763,337)	(303,515)	(1,267,758)	(464,836)	(9,988,000)	(436,009)	(21,611)	(40,173)
Non Current Liabilities	(463,440)	(463,440)	-	(131,306)	(63,724)	(270,000)	-	-	-
Total Liabilities	**(3,226,777)**	**(3,226,777)**	**(303,515)**	**(1,399,064)**	**(528,560)**	**(10,258,000)**	**(436,009)**	**(21,611)**	**(40,173)**
Net Assets	11,724,581	21,525,581	7,144,856	22,071,918	18,440,920	22,168,000	2,740,148	3,805,141	2,917,186
Total Equity	11,724,581	21,525,581	7,144,856	22,071,918	18,440,920	22,168,000	2,740,148	3,805,141	2,917,186
Net tangible Asset Backing per share	**4.13**	**12.17**	**3.70**	**14.90**	**9.30**	**2.00**	**3.70**	**5.00**	**4.29**
Current Share Price - 16 Nov 05	**$0.14**	**$0.14**	**$0.355**	**$0.515**	**$1.30**	**$0.48**	**$0.055**	**$0.07**	**$0.11**
Market Capitalisation	**$17.1 m**	**$17.1 m**	**$24.9m**	**$48.9m**	**$38.4m**	**$82.4m**	**$2.9m**	**$4.9m**	**$7.4m**

Assumptions for the above calculations are based on the exchange rate of .4160 and the IMD AIM Share Price of £ 0.10 Stg (As at 19 July 05)
N.B. It is important to note that any change in the value of IMD AIM listed shares has a significant impact on the value of Eastland's investment in IMD. i.e. Based on an exchange rate of 0.4256 (as at 9 November 05) and Eastland's current shareholding. A movement in the value of each share by £ 0.01 Stg equates to an increase/ decrease of AU $951,598.

Schedule 3 - Appendix 4C 30 September 2005.

The following comparison shows the Quarterly Statement of Cash Flows lodged with the ASX for the first quarter to 30 September 2005.

Consolidated Statement of Cash Flows in (000's).

ASX code	EMS	RTL	UNI	OMI	NAL	IML	BOD	MGZ
Sales Revenue	2,674			3	430	219		
Other Revenue	41	21	32	77	170	19	189	43
Total Revenue	**2,715**	**21**	**32**	**80**	**600**	**238**	**189**	43
Total Expenses	(2,764)	(764)	(2,153)	(651)	(5,359)	(927)	(243)	(156)
Net Operating Cash Flows	**(49)**	**(743)**	**(2,121)**	**(571)**	**(4,759)**	**(689)**	**(54)**	**(113)**
Net Investing Cash Flows	(62)	(445)	(308)	(46)	(114)	(39)	(14)	82
Total Operating Cash Flows	(111)	(1,188)	(2,429)	(617)	(4,873)	(728)	(68)	(31)
Net Financing Cash Flows	948	-	(15)	493	8,748	-	-	-
Increase / (decrease) in cash	837	(1,188)	(2,444)	(124)	3,875	(728)	(68)	(31)
Cash at beginning of Quarter	1,788	3,112	6,024	2,081	7,862	2,213	3,362	72
Exchange Rate Adjustment	-	-	-	-	(63)	4	-	-
Cash at end of Quarter.	2,625	1,924	3,580	1,957	11,674	1,489	3,924	41

The data from the September Quarter 2005 continues to follow this trend and not only reinforces Eastlands ongoing strong performance but emphasizes the underlying strength of the business model Eastland has implemented to date.