

**MEDICAL MONITORS LIMITED**  
**ACN 009 161 522**  
**AND CONTROLLED ENTITIES**

**APPENDIX 4E**  
**PRELIMINARY FINAL RESULTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

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|                                                                 |      |      |    |             |
|-----------------------------------------------------------------|------|------|----|-------------|
| Revenues from ordinary activities                               | up   | 16%  | to | 520,839     |
| Loss from ordinary activities after tax attributable to members | down | -16% | to | (4,819,770) |
| Loss from extraordinary items after tax attributable to members |      |      |    | NIL         |
| Net Loss for the period attributable to members                 | down | -16% | to | (4,819,770) |

| <b>Dividends (distributions)</b>                         | <b>Amt per Security</b> | <b>Franked amount per Security</b> |
|----------------------------------------------------------|-------------------------|------------------------------------|
| Interim dividend                                         | NIL                     | NIL                                |
| Previous corresponding period                            | NIL                     | NIL                                |
| Record date for determining entitlements to the dividend | N/A                     | N/A                                |

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

**Management Commentary and Operational Review**

The Directors of Medical Monitors Limited believe that the long term strategy of the Company, to be recognised as an international provider of trans-telephonic diagnostic monitoring products and services, has now been achieved. As previously announced, the new distribution and licensing arrangement with Primedical International (Medpri), and through iCardia Healthcare Corporation, for ECG monitoring in the USA has been very successful. In particular, the newly designed and developed ECG monitor (the suPER<sup>™</sup>) for the US market has been very well received – with significant business milestones already reached. As well, the BPfone® blood pressure monitoring devices being used in specialist research programmes, in the USA and the UK, has further consolidated the commercial opportunity for sales revenues in the international markets.

More recently, the Company has provided information to the ASX regarding the possible AIM (Alternate Investment Market of the London Stock Exchange) listing of Primedical (Medpri) and the subsequent benefit to Medical Monitors in its shareholding in the AIM listed entity. This would provide for significant asset backing to the Company, as well potential access to additional funding to grow the international business.

Medical Monitors' technologies and business model are considered superior to the current market offerings, and the Directors see the Company achieving a substantial share of the lucrative market in the U.S.A. – particularly for cardiac monitoring services. The Company's unique transtelephonic (telephone transfer) technologies, which allow doctors to remotely monitor the cardiovascular health of their patients, have already been granted United States Food and Drug Administration (FDA) notification to enable marketing and sales.

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PRELIMINARY FINAL RESULTS  
FOR THE YEAR ENDED 30 JUNE 2005**

Significant features of the distribution agreement include:

- The establishment of a premier cardiac monitoring service in the USA;
- Agreed payment schedule for manufacturing of monitoring devices and technology support;
- Funding for the growth of the USA, the UK and European businesses;
- Expense reimbursement and royalties to Medical Monitors for associated costs;
- Opportunity to partake in an AIM(UK) listing.

**Revenues and Expenses**

While revenue for FY 2004/2005 was up by a modest 16%, when compared to the previous year, it is anticipated that the Company will benefit greatly from sales of the suPER<sup>TM</sup> in the USA over the coming financial year. This now established US operation will generate increasing sales revenue over the long term, through new contracts coming on stream, and will no doubt provide for further growth in FY 2005/2006.

Overall expenses were as anticipated, with the additional costs of staff and other relevant consultants in the overseas markets impacting on the financial performance. A number of these costs have been incurred in relevant R&D expenditure, and the establishment of a new manufacturing cycle for the suPER<sup>TM</sup>.

The Company was a successful applicant to available government grants, receiving welcome support from the New South Wales Department of State and Regional Development Biobusiness programme, as well as from the Australian government's Export Marketing Grant and AusIndustry R&D tax offset rebate benefit.

**Mining tenements**

No further mining tenements exist on the Company's books.

**Private Placement Activities**

The Private Placement offers, following approval as highlighted at the AGM in November, 2004, and those in subsequent quarters, provided the Company with additional funding of more than \$2.0 million. The funds were for additional working capital to support the successful international roll out of product and services across a number of markets, and were received with the strong support of both existing and from new shareholders.

Importantly, these transactions confirm shareholder and stock market support for the Company's current and future anticipated activities; and, provide ongoing support for the opportunities that have been created by the Company's unique products and services in Australia and overseas

As at the date of this announcement the financial accounts of Medical Monitors Limited are in the process of being audited. An emphasis of matter is expected to be included in the audit opinion regarding inherent uncertainty of the economic entity to continue as a going concern. This announcement is not based on the 2005 Statutory Accounts of Medical Monitors Limited.

**MEDICAL MONITORS LIMITED**  
**ACN 009 161 522**  
**AND CONTROLLED ENTITIES**

**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2005**

|                                                         |             | <b>Economic Entity</b> |                    |
|---------------------------------------------------------|-------------|------------------------|--------------------|
|                                                         |             | <b>2005</b>            | <b>2004</b>        |
|                                                         | <b>Note</b> | <b>\$</b>              | <b>\$</b>          |
| Revenue from sale of goods                              |             | 253,956                | 194,455            |
| Revenue from rendering of services                      |             | 157,055                | 133,261            |
| Other revenues from ordinary activities                 |             | 109,827                | 120,904            |
| Total revenue from ordinary activities                  |             | <u>520,839</u>         | <u>448,620</u>     |
| Changes in inventories of finished goods                |             | 263,779                | 91,052             |
| Carrying amount of mineral interests sold               |             | -                      | 5,000              |
| Corporate Expenses                                      |             | 361,989                | 187,153            |
| Staff expenses                                          |             | 648,831                | 726,437            |
| Consulting expenses                                     |             | 811,565                | 979,867            |
| Rent expenses                                           |             | 112,780                | 250,440            |
| Borrowing costs                                         |             | 132,530                | 350,699            |
| Depreciation and amortisation                           |             | 1,492,250              | 1,403,693          |
| Foreign currency loss                                   |             | 4,368                  | (43,317)           |
| Other expenses from ordinary activities                 |             | 876,984                | 220,944            |
| International Marketing expenses                        |             | <u>635,532</u>         | <u>417,774</u>     |
| Loss from ordinary activities before income tax expense |             | (4,819,770)            | (4,141,122)        |
| Income tax benefit relating to ordinary activities      |             | -                      | -                  |
|                                                         |             | <u>(4,819,770)</u>     | <u>(4,141,122)</u> |
| Non-owner transaction changes in equity                 |             | -                      | -                  |
| Total changes in equity                                 |             | <u>(4,819,770)</u>     | <u>(4,141,122)</u> |
| Earnings Per Share (cents per share)                    |             |                        |                    |
| Basic EPS                                               | 19          | (2.0)                  | (2.0)              |
| Diluted EPS - not materially different to basic EPS     |             |                        |                    |

The accompanying notes form part of these financial statements.

**MEDICAL MONITORS LIMITED**  
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**AND CONTROLLED ENTITIES**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2005**

|                                      |             | <b>Consolidated</b> |                  |
|--------------------------------------|-------------|---------------------|------------------|
|                                      |             | <b>2005</b>         | <b>2004</b>      |
|                                      | <b>Note</b> | <b>\$</b>           | <b>\$</b>        |
| <b>CURRENT ASSETS</b>                |             |                     |                  |
| Cash assets                          | 3           | 216,433             | 341,800          |
| Receivables                          | 4           | 710,451             | 187,407          |
| Inventories                          | 5           | 232,886             | 390,557          |
| Other current assets                 | 6           | 171,323             | 434,240          |
| <b>TOTAL CURRENT ASSETS</b>          |             | <b>1,331,094</b>    | <b>1,354,004</b> |
| <b>NON-CURRENT ASSETS</b>            |             |                     |                  |
| Property, plant & equipment          | 7           | 219,750             | 328,181          |
| Intangibles                          | 8           | 4,084,695           | 5,204,591        |
| Other financial assets               | 9           | 2,830               | 153,138          |
| Capitalised research and development | 10          | 21,817              | 696,334          |
| <b>TOTAL NON-CURRENT ASSETS</b>      |             | <b>4,329,092</b>    | <b>6,382,244</b> |
| <b>TOTAL ASSETS</b>                  |             | <b>5,660,186</b>    | <b>7,736,248</b> |
| <b>CURRENT LIABILITIES</b>           |             |                     |                  |
| Payables                             | 11          | 1,959,317           | 1,010,156        |
| Interest bearing liabilities         | 12          | 670,294             | 448,425          |
| Provisions                           | 13          | 75,571              | 49,005           |
| <b>TOTAL CURRENT LIABILITIES</b>     |             | <b>2,705,182</b>    | <b>1,507,586</b> |
| <b>NON-CURRENT LIABILITIES</b>       |             |                     |                  |
| Interest Bearing Liabilities         | 12          | 71,896              | 712,369          |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |             | <b>71,896</b>       | <b>712,369</b>   |
| <b>TOTAL LIABILITIES</b>             |             | <b>2,777,079</b>    | <b>2,219,955</b> |
| <b>NET ASSETS</b>                    |             | <b>2,883,107</b>    | <b>5,516,293</b> |
| <b>EQUITY</b>                        |             |                     |                  |
| Contributed Equity                   | 14          | 34,761,131          | 32,574,548       |
| Reserves                             | 15          | 493,152             | 493,152          |
| Accumulated losses                   | 16          | (32,371,177)        | (27,551,407)     |
| <b>TOTAL EQUITY</b>                  |             | <b>2,883,107</b>    | <b>5,516,293</b> |

The accompanying notes form part of these financial statements.

**MEDICAL MONITORS LIMITED  
ACN 009 161 522  
AND CONTROLLED ENTITIES**

**STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2005**

|                                                              |             | <b>Economic Entity</b> |                       |
|--------------------------------------------------------------|-------------|------------------------|-----------------------|
|                                                              |             | <b>2005</b>            | <b>2004</b>           |
|                                                              | <b>Note</b> | <b>\$</b>              | <b>\$</b>             |
| <b>Cash Flows from Operating Activities</b>                  |             |                        |                       |
| Cash payments in the course of operations                    |             | (3,245,012)            | (2,654,495)           |
| Cash receipts in the course of operations                    |             | 421,884                | 317,013               |
| Interest received                                            |             | 29,856                 | 11,554                |
| Interest Paid                                                |             | (132,530)              | (350,699)             |
| <b>Net Cash Used in Operating Activities</b>                 | 18          | <u>(2,925,802)</u>     | <u>(2,676,627)</u>    |
| <b>Cash Flows from Investing Activities</b>                  |             |                        |                       |
| Payments for plant and equipment                             |             | (87,912)               | (101,773)             |
| Proceeds from mineral interests sold                         |             | -                      | 5,000                 |
| Payments for research and development                        |             | -                      | (144,780)             |
| Export Marketing Development Grant                           |             | -                      | 103,831               |
| Research & Development Grant                                 |             | 498,506                | 267,259               |
| Refund of security deposits                                  |             | 150,308                | 693                   |
| <b>Net Cash Used in Investing Activities</b>                 |             | <u>560,902</u>         | <u>130,230</u>        |
| <b>Cash Flows from Financing Activities</b>                  |             |                        |                       |
| Proceeds from share issue net of transaction costs           |             | 2,186,583              | 3,395,620             |
| Borrowings - secured                                         |             | (21,668)               | -                     |
| Borrowings - unsecured                                       |             | 153,832                | -                     |
| Repayment of Borrowings                                      |             | (79,212)               | (597,196)             |
| <b>Net Cash Provided/(Used) from/in Financing Activities</b> |             | <u>2,239,534</u>       | <u>2,798,424</u>      |
| <b>Net Increase (Decrease) in Cash Held</b>                  |             | (125,367)              | 252,027               |
| Cash at the Beginning of the Financial Year                  |             | <u>341,800</u>         | <u>89,773</u>         |
| Cash at the End of the Financial Year                        | 18          | <u><u>216,433</u></u>  | <u><u>341,800</u></u> |

The accompanying notes form part of these financial statements.

**MEDICAL MONITORS LIMITED  
ACN 009 161 522  
AND CONTROLLED ENTITIES**

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

**1 BASIS FOR ACCOUNTS PREPARATION**

**a) Basis of preparation of the preliminary report**

The preliminary final report has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Urgent Issues Group Consensus Views.

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

These accounting policies have been consistently applied by each entity in the economic entity and, except where there is a change in accounting policy, are consistent with those applied in the 30 June 2004 annual financial report.

This preliminary final report does not include full note disclosures of the type normally included in an annual financial report.

**2 GOING CONCERN**

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The consolidated entity incurred an operating loss of almost \$4.820 million during the year ended 30 June 2005, which included a depreciation and amortisation charge of \$1.492 million that was similar to the previous year.

The Directors nevertheless believe that it is appropriate to prepare the financial statements on a Going Concern basis for the following reasons:

- The Company has recently announced that it has entered into a Heads of Agreement in the UK. Subject to final due diligence, the Directors anticipate that a significant line of funding will be provided to Primedical International to support its license and distribution agreement for Medical Monitors' products and services in the USA, the UK and Europe.
- To date, the Company has received an increase in orders for the suPER<sup>™</sup> ECG monitoring device, as previously announced. The Directors are confident that further sales will be achieved, as contemplated in the USA business plan, and that a significant revenue stream will be forthcoming to the Company.
- The Company believes it has sufficient working capital arrangements in place to be able to achieve the objectives as contemplated in the business plan.

The consolidated entity's ability to generate positive net cash flow in the twelve months from the date of this report, as contemplated in the business plan, is dependent on a number of factors but primarily on its ability to execute the licensing and distribution agreement in the US, to successfully develop UK and European markets, and the continued supply of monitoring devices from the manufacturer on a timely basis.

If the Company is unable to successfully develop the business as contemplated in the business plan, alternative strategies may be employed to either raise additional capital or debt funding, or reduce expenditure through a scale back of the international marketing initiatives.

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

**2 GOING CONCERN (CONTINUED)**

In the event that the Company does not meet its planned revenue and cashflow targets, or successfully adopts alternative strategies, the Company may not be able to realise its assets, including intangible assets, and extinguish its liabilities in the normal course of business at the amounts stated in the financial report. Accordingly, the going concern basis used in the preparation of the financial report would not be appropriate.

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

|                               | <b>Economic Entity</b> |                |
|-------------------------------|------------------------|----------------|
|                               | <b>2005</b>            | <b>2004</b>    |
|                               | <b>\$</b>              | <b>\$</b>      |
| <b>3 CASH ASSETS</b>          |                        |                |
| Cash in hand                  | 13,263                 | 341,800        |
| Cash on deposit               | 202,970                | -              |
| Petty Cash                    | 200                    | -              |
|                               | <u>216,433</u>         | <u>341,800</u> |
| <b>4 RECEIVABLES</b>          |                        |                |
| Trade Debtors                 | 245,570                | 2,768          |
| Other                         | 60,034                 | 184,639        |
| Loan to other entities        | 404,847                | -              |
|                               | <u>710,451</u>         | <u>187,407</u> |
| <b>5 INVENTORIES</b>          |                        |                |
| Direct materials – at cost    | 117,109                | 123,144        |
| Finished goods – at cost      | 115,777                | 267,413        |
|                               | <u>232,886</u>         | <u>390,557</u> |
| <b>6 OTHER CURRENT ASSETS</b> |                        |                |
| Prepayments                   | 171,323                | 434,240        |
|                               | <u>171,323</u>         | <u>434,240</u> |

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

|                                        | <b>Economic Entity</b>  |                         |
|----------------------------------------|-------------------------|-------------------------|
|                                        | <b>2005</b>             | <b>2004</b>             |
|                                        | <b>\$</b>               | <b>\$</b>               |
| <b>7 PROPERTY, PLANT AND EQUIPMENT</b> |                         |                         |
| Plant & equipment – at cost            | 286,249                 | 310,585                 |
| Less: Accumulated depreciation         | <u>(237,780)</u>        | <u>(186,848)</u>        |
|                                        | <u>48,469</u>           | <u>123,737</u>          |
| Office Equipment – at cost             | 73,704                  | 25,733                  |
| Less: Accumulated depreciation         | <u>(16,433)</u>         | <u>(7,145)</u>          |
|                                        | <u>57,271</u>           | <u>18,588</u>           |
| Leased Equipment                       | 470,394                 | 405,398                 |
| Less: Accumulated amortisation         | <u>(356,384)</u>        | <u>(219,542)</u>        |
|                                        | <u>114,010</u>          | <u>185,856</u>          |
|                                        | <u><u>219,750</u></u>   | <u><u>328,181</u></u>   |
| <b>8 INTANGIBLE ASSETS</b>             |                         |                         |
| Intellectual property                  | 5,929,600               | 5,929,600               |
| Less: provision for amortisation       | <u>(2,371,840)</u>      | <u>(1,778,880)</u>      |
|                                        | <u>3,557,760</u>        | <u>4,150,720</u>        |
| Goodwill on consolidation              | 2,634,662               | 2,634,662               |
| Less: provision for amortisation       | <u>(2,107,727)</u>      | <u>(1,580,791)</u>      |
|                                        | <u>526,935</u>          | <u>1,053,871</u>        |
|                                        | <u><u>4,084,695</u></u> | <u><u>5,204,591</u></u> |
| <b>9 OTHER FINANCIAL ASSETS</b>        |                         |                         |
| Security deposits                      | <u>2,830</u>            | <u>153,138</u>          |
|                                        | <u><u>2,830</u></u>     | <u><u>153,138</u></u>   |

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

|                                                | <b>Economic Entity</b> |                  |
|------------------------------------------------|------------------------|------------------|
|                                                | <b>2005</b>            | <b>2004</b>      |
|                                                | <b>\$</b>              | <b>\$</b>        |
| <b>10 CAPITALISED RESEARCH AND DEVELOPMENT</b> |                        |                  |
| Capitalised Research and Development           | 314,249                | 812,755          |
| Less: accumulated amortisation                 | (292,432)              | (116,421)        |
|                                                | <u>21,817</u>          | <u>696,334</u>   |
| <b>11 PAYABLES</b>                             |                        |                  |
| Trade creditors and accruals                   | 1,012,138              | 592,048          |
| Unearned Income                                | 84,320                 | 26,804           |
| Unsecured borrowing                            | 862,859                | 391,304          |
|                                                | <u>1,959,317</u>       | <u>1,010,156</u> |
| <b>12 INTEREST BEARING LIABILITIES</b>         |                        |                  |
| <b>CURRENT</b>                                 |                        |                  |
| Lease liability                                | 121,552                | 164,020          |
| Loans - unsecured                              | -                      | 284,405          |
| Government R&D start loan – unsecured          | 548,742                | -                |
|                                                | <u>670,294</u>         | <u>448,425</u>   |
| <b>NON-CURRENT</b>                             |                        |                  |
| Lease liability                                | 44,059                 | 80,803           |
| Loans - secured                                | 27,838                 | 49,506           |
| Government R&D start loan – unsecured          | -                      | 582,060          |
|                                                | <u>71,896</u>          | <u>712,369</u>   |
|                                                | <u>742,191</u>         | <u>1,160,794</u> |
| <b>13 PROVISIONS</b>                           |                        |                  |
| <b>CURRENT</b>                                 |                        |                  |
| Employee entitlements                          | 75,571                 | 49,005           |
|                                                | <u>75,571</u>          | <u>49,005</u>    |
| Number of employees at year end                | 8                      | 9                |
|                                                | <u>8</u>               | <u>9</u>         |

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

| Economic Entity |      |
|-----------------|------|
| 2005            | 2004 |
| \$              | \$   |

**14 CONTRIBUTED EQUITY**

|                                                                       |                   |                   |
|-----------------------------------------------------------------------|-------------------|-------------------|
| Issued Capital                                                        |                   |                   |
| Balance at beginning of year (236,643,519 fully paid ordinary shares) | 32,574,548        | 29,086,438        |
| Movements:-                                                           |                   |                   |
| 9,288,571 fully paid out shares issued at \$0.035 each                | -                 | 325,100           |
| 16,562,500 fully paid out shares issued at \$0.08 each                | -                 | 1,325,000         |
| 1,800,000 fully paid out shares issued at \$0.09 each                 | -                 | 162,000           |
| 16,500,005 fully paid out shares issued at \$0.05 each                | -                 | 825,000           |
| 13,508,100 fully paid out shares issued at \$0.063 each               | -                 | 851,010           |
| 7,600,955 fully paid out shares issued at \$0.05 each                 | 380,048           | -                 |
| 24,500,000 fully paid out shares issued at \$0.04 each                | 980,000           | -                 |
| 25,415,450 fully paid out shares issued at \$0.04 each                | 1,015,750         | -                 |
| 3,003,420 shares bought back at \$0.06 each                           | (189,215)         | -                 |
|                                                                       | <u>34,761,131</u> | <u>32,574,548</u> |
| Balance at year end (294,156,504 fully paid ordinary shares)          |                   |                   |

**15 RESERVES**

|                      |                |                |
|----------------------|----------------|----------------|
| Share option reserve | 393,153        | 393,153        |
| Other reserves       | <u>99,999</u>  | <u>99,999</u>  |
| Total reserves       | <u>493,152</u> | <u>493,152</u> |

**16 ACCUMULATED LOSSES**

|                                                         |                     |                     |
|---------------------------------------------------------|---------------------|---------------------|
| Balance at beginning of financial year                  | (27,551,407)        | (23,410,285)        |
| Net loss attributed to the economic entity for the year | <u>(4,819,770)</u>  | <u>(4,141,122)</u>  |
| Balance at end of financial year                        | <u>(32,371,177)</u> | <u>(27,551,407)</u> |

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

| Economic Entity |      |
|-----------------|------|
| 2005            | 2004 |
| \$              | \$   |

**17 SEGMENT REPORTING**

**Primary Segment Reporting: - Geographical Segments**

**Segment Revenue:**

|                            |         |         |
|----------------------------|---------|---------|
| - Australia                | 498,770 | 349,247 |
| - United Kingdom           | -       | -       |
| - United States of America | 22,069  | 82,978  |
| - Italy                    | -       | 16,395  |

|               |                |                |
|---------------|----------------|----------------|
| Total Revenue | <u>520,839</u> | <u>448,620</u> |
|---------------|----------------|----------------|

**Segment Results:**

|                            |                  |                  |
|----------------------------|------------------|------------------|
| - Australia                | (4,504,473)      | (3,703,249)      |
| - United Kingdom           | (194,574)        | (194,626)        |
| - United States of America | <u>(120,723)</u> | <u>(143,247)</u> |

|          |                    |                    |
|----------|--------------------|--------------------|
| Net Loss | <u>(4,819,770)</u> | <u>(4,041,122)</u> |
|----------|--------------------|--------------------|

**Segment Assets:**

|                            |               |               |
|----------------------------|---------------|---------------|
| - Australia                | 5,638,845     | 7,701,075     |
| - United Kingdom           | 10,579        | 10,235        |
| - United States of America | <u>10,762</u> | <u>24,938</u> |

|              |                  |                  |
|--------------|------------------|------------------|
| Total Assets | <u>5,660,186</u> | <u>7,736,248</u> |
|--------------|------------------|------------------|

**Segment Liabilities:**

|                            |              |              |
|----------------------------|--------------|--------------|
| - Australia                | 2,771,217    | 2,213,798    |
| - United Kingdom           | 918          | 2,211        |
| - United States of America | <u>4,944</u> | <u>3,946</u> |

|                   |                  |                  |
|-------------------|------------------|------------------|
| Total Liabilities | <u>2,777,079</u> | <u>2,219,955</u> |
|-------------------|------------------|------------------|

**MEDICAL MONITORS LIMITED**  
**ACN 009 161 522**  
**AND CONTROLLED ENTITIES**

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

| Economic Entity |      |
|-----------------|------|
| 2005            | 2004 |
| \$              | \$   |

**18 CASH FLOW INFORMATION**

|                                                                                                        |                                     |
|--------------------------------------------------------------------------------------------------------|-------------------------------------|
| (a) Reconciliation of Cash                                                                             |                                     |
| Cash at bank and on hand                                                                               |                                     |
|                                                                                                        | 216,433      341,800                |
|                                                                                                        | <u>216,433      341,800</u>         |
| (b) Reconciliation of Cash Flow from Operations with Profit from ordinary activities after income tax. |                                     |
| Profit (Loss) from ordinary activities after income tax                                                | (4,819,770)      (4,141,122)        |
| Non-cash flows in profit from ordinary activities                                                      |                                     |
| Amortisation/Depreciation of fixed assets                                                              | 196,343      206,192                |
| Amortisation of intellectual property and capitalised research and development                         | 768,971      670,574                |
| Amortisation of goodwill on acquisition                                                                | 526,936      526,927                |
| Amounts set aside to provisions                                                                        | -      5                            |
| Less: Items reclassified to Investing Activities                                                       |                                     |
| Government Grant                                                                                       | -      (103,831)                    |
| Research and development                                                                               | <u>-      144,780</u>               |
| Changes in assets and liabilities, net of the effects of purchase and disposals of subsidiaries:-      |                                     |
| (Increase)/decrease in trade and other receivables                                                     | (523,043)      (53,183)             |
| (Increase)/decrease in prepayments                                                                     | 262,917      -                      |
| (Increase)/decrease in inventories                                                                     | 157,671      46,968                 |
| Increase/(decrease) in unearned income                                                                 | 57,516      (66,836)                |
| Increase/(decrease) in trade creditors                                                                 | 420,090      67,181                 |
| Increase/(decrease) in provision for employee benefits                                                 | <u>26,566      25,718</u>           |
| Net cash flows from operating activities                                                               | <u>(2,925,802)      (2,676,627)</u> |

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**FOR THE YEAR ENDED 30 JUNE 2005**

| Economic Entity |      |
|-----------------|------|
| 2005            | 2004 |
| \$              | \$   |

**19 EARNINGS PER SHARE (EPS)**

|                                                                                                             |                    |                    |
|-------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| Basic earnings per share (cents per share)                                                                  | <u>(2.0)</u>       | <u>(2.0)</u>       |
| Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS | <u>245,755,960</u> | <u>205,110,342</u> |

**20 NET TANGIBLE ASSET BACKING**

|                                                                    |        |        |
|--------------------------------------------------------------------|--------|--------|
| Net tangible asset backing per ordinary security (cents per share) | (0.42) | (0.16) |
|--------------------------------------------------------------------|--------|--------|

**21 DIVIDENDS**

No dividends have been proposed or paid during the financial year.

**22 DETAILS OF CONTROLLED ENTITIES ACQUIRED OR DISPOSED OF**

No controlled entities were acquired or disposed of during the year.

**23 DETAILS OF CONTROLLED ENTITIES ACQUIRED OR DISPOSED OF**

There were no associates or joint venture entities associated with the economic entity for the period.

**24 CONTINGENT LIABILITIES**

Since the last report, the Directors of Medical Monitors have had no further correspondence regarding a dispute with the Directors of a UK based company, Primary Care Group plc (PCG), which has a 50% joint venture interest in Care Medical Limited (UK). Therefore, the Directors of Medical Monitors are of the opinion that there is no further contingent liability statement required in this matter.

**25 SUBSEQUENT EVENTS**

**Private Placement**

The Company received a further \$250,000 to complete the Private Placement, as announced to the ASX in July, 2005. This resulted in a further allotment of shares, post June 30, bringing the total of fully paid ordinary shares on issue to 300,493,524.

**Heads of Agreement**

Under Listing Rule 3.1 on Continuous Disclosure, the Company announced the signing of a non-binding Heads of Agreement with an AIM listed entity in the UK. This opportunity has been flagged to the market and a complete Notice of Meeting information memorandum will be provided to all shareholders in due course, as is required.

**MEDICAL MONITORS LIMITED  
ACN 009 161 522  
AND CONTROLLED ENTITIES**

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

**25 SUBSEQUENT EVENTS (CONTINUED)**

**Impact of Adoption of Australian Equivalents to International Financial Reporting Standards**

The company is preparing and managing the transition to Australian equivalents to International Financial Reporting Standards (AIFRS) effective for the financial years commencing from 1 January 2005. The adoption of AIFRS will be reflected in the economic entity's and the parent entity's financial statements for the year ending 30 June 2006. On first time adoption of AIFRS, comparatives for the financial year ended 30 June 2005 are required to be restated. The majority of the AIFRS transitional adjustments will be made retrospectively against retained earnings at 1 July 2004.

The economic entity's management, with the assistance of external consultants, has assessed the significance of the expected changes and is preparing for their implementation. An AIFRS committee is overseeing and managing the economic entity's transition to AIFRS. The impact of the alternative treatments and elections under AASB 1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards has been considered where applicable.

The directors are of the opinion that the key material differences in the economic entity's accounting policies on conversion to AIFRS and the financial effect of these differences, where known, are as follows. Users of the financial statements should note, however, that the amounts disclosed could change if there are any amendments by standard-setters to the current AIFRS or interpretation of the AIFRS requirements changes from the continuing work of the economic entity's AIFRS committee.

**Research and Development Costs**

The Consolidated Entity currently expenses all development expenditures as incurred through the statement of financial performance except to the extent that its recovery is assured beyond reasonable doubt, in which case it is capitalised. IFRS requires that development costs be capitalised to the statement of financial position to the extent they meet certain recognition criteria including the ability to demonstrate the technical feasibility of developing an asset so that it will be available for use or sale and whether the development costs will generate probable economic benefits.

The company is still completing its assessment of development costs incurred in the period to 1 July 2004 to determine whether their costs meet the criteria for deferral under IFRS. Depending on the outcome of this assessment, an initial adjustment may be made to retained profits at 1 July 2004 to the extent that previously expensed development costs are capitalised, or alternatively, previously capitalised costs are expensed. After the transitional adjustment, development costs that satisfy the criteria for deferral will be capitalised to the statement of financial position and amortised to net profit over the period that the benefits are expected to be realised.

**Options and Share Based Payments**

Equity based compensation in the form of shares and options will be recognised as an expense in the period during which the employee provides related services. The consolidated entity does not currently recognise an expense for options issued to employees, unless the options were issued in consideration for past services performed. On adoption of IFRS the consolidated entity will recognise an expense for options and will amortise the expense over the relevant vesting period

**MEDICAL MONITORS LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2005**

**25 SUBSEQUENT EVENTS (CONTINUED)**

**Goodwill**

Goodwill will be tested for impairment annually with decrements in carrying value recognised in the statement of financial performance. Goodwill will no longer be amortised, resulting in a change in accounting policy as goodwill is currently amortised over a period not exceeding 5 years.

**Income tax**

The Consolidated Entity currently applies the "income statement" approach to account for income tax. Under IFRS, a "balance sheet" approach will be adopted, whereby deferred tax balances are recognised in the statement of financial position when there is a difference between the carrying value of an asset or liability and its tax cost base. The impact on the statement of financial position and earnings is not expected to be material.

**Asset Impairment**

Under AASB 136, the recoverable amount of Property, Plant and Equipment and Intangibles is determined as the higher of fair value less cost to sell and value in use. This will result in a change in the group's current accounting policy which determines the recoverable amount of an asset on the basis of undiscounted cash flow. Under the new policy it is likely that impairment of assets will be recognised sooner and that the amount of write downs will be greater. Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known.

**Business Combinations**

Under the IFRS transition rules prescribed by AASB 1, the company can elect to restate previous business combinations in accordance with AASB 3 Business Combinations. Application of AASB 3 could result in changes to the value of Goodwill and Intangibles recognised on the statement of financial position, potentially reducing the level of future amortisation charges. The Company is currently assessing the potential impacts of restating its previous business combinations. As at the date of this report, no determination has been made on whether the elections in AASB 3 will be adopted.

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**COMPLIANCE STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2005**

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.
2. This report, and the accounts upon which the report is based (if separate), use the same accounting policies.
3. This report does give a true and fair view of the matters disclosed.
4. This report is based on accounts which are in the process of being audited.
5. The entity has a formally constituted audit committee.



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Dr A Shell  
Director

13 September 2005