MEDICAL MONITORS LIMITED

ACN 009 161 522

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2005

MEDICAL MONITORS LIMITED
ACN 009 161 522
FINANCIAL REPORT

30 JUNE 2005

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CORPORATE DETAILS

Directors:	Dr Allan Shell (Chairman & Managing Director) Mr Neville Buch Mr John Genner Mr Boris Patkin Mr Harry Platt
Company Secretary:	Richard Hyman
Registered Office:	Suite 407 Office Tower Westfield Eastgardens 152 Bunnerong Road EASTGARDENS NSW 2036
Administration Office:	Suite 407 Office Tower Westfield Eastgardens 152 Bunnerong Road EASTGARDENS NSW 2036
Share Registry:	Computershare Investor Services Pty Limited Level 2, 45 St Georges Terrace PERTH WA 6000
Auditors:	KPMG 10 Shelley Street SYDNEY NSW 2000

MEDICAL MONITORS LIMITED
ACN 009 161 522
MANAGING DIRECTOR'S REPORT
FOR THE YEAR ENDED 30 JUNE 2005

Over the past year, the Company has achieved one of its long term goals in being recognised as an international provider of trans-telephonic diagnostic monitoring products and services. With the distribution and licensing arrangement with Primedical International (Medpri), and through iCardia Healthcare Corporation, the ECG monitoring service in the USA has been very successful in its first year of operation. In particular, the Company's newly designed and developed ECG monitor (the *suPER* ™) for the US market has been very well received – with significant business milestones already reached. As well, the BPfone® blood pressure monitoring device is being used in specialist research programmes, in the USA and the UK, which has further consolidated the commercial opportunity for ongoing sales revenues and support for our products and services in the international markets.

The Company has spent a considerable amount of R&D in creating a premier product for the lucrative American market - the *suPER* ™ - as well as develop significant software enhancements to make the monitoring system an absolute cutting edge product. This we believe will provide for long term growth as well as provide for increasing shareholder value. It is expected that this new venture in the USA will realise its true potential over the coming year with major sales contracts now in place.

Following on from the previous Annual Report, the Directors have provided information to the ASX regarding a Heads of Agreement document outlining the possible AIM listing (Alternate Investment Market, of the London Stock Exchange) of Primedical (Medpri) through Belgravia Telecom, plc, and the subsequent benefit to Medical Monitors and its shareholders in an AIM listed entity. The Directors believe that this will add significant asset value to the Company, as well the potential to access additional funding to grow the international business. As Medical Monitors shareholders will retain a major shareholding in the Primedical (Medpri) transaction, it is considered that an EGM will be necessary to approve the Company's position in that transaction. A complete information memorandum and a Notice of Meeting document will be provided to all shareholders in due course.

The opportunity for the Company to be a major player in the international markets has been achieved through considerable investment in product development, the selection of the proper and most cost effective manufacturing processes and in the investment in quality people to undertake the task. In recognition of this 'export benefit' work, we have also been well supported in this process by the New South Wales Department of State and Regional Development Biobusiness programme, Department of State and Regional Development, and the Australian government, though the relevant grants and R&D concessions that are available to this Company. This provides further institutional support for the work that we have done over the past year.

Australian Activities

While the Australian market has experienced steady growth in patient numbers over the year, with the renewal of contracts with two major pharmaceutical companies distributing the BPfone® monitors to General Practitioners (GPs), and with the nationwide Heartline ECG monitoring service, it has not been a major source of income to the Company – simply due to the population size of the market.

However, the distribution of product by the pharmaceutical companies to Australian GPs has provided the Company with an ongoing and ethical "commercialisation of R&D", that has seen significant enhancements in the software and report distribution processes. This has generated considerable benefits to the overall system dynamics, where the effective and secure distribution of medical data "to anywhere" remains a major benefit of our transtelephonic service and a world market attribute. In particular, the use of the 'world-wide-web' for this process means that patients and doctors can review their results anywhere, and at any time, once they have (securely) 'logged-on'. This is one of the major attributes of our system and maintains our position as an innovator in this market space.

The pharmaceutical company contracts for BPfone® have also allowed us to work with major hospital research teams in Sydney and Melbourne, where a clinical trial is being sponsored. Here, the provision of secure distribution of medical data, as well as a more efficient and multi-faceted data presentation and documentation for the relevant statistician in a medical trial, is very important. We are able to export the collected data over the internet in the shortest possible time, adding to the reliability and uniqueness of our service to the medical community. Further renewals and new contracts are expected in the coming year.

The Company continues to generate ongoing interest by marketing to the Australian medical community through, for example, presentations at national GP conferences and cardiology conferences. These provide an opportunity to introduce new doctors to use the service. With more than 600 medical practices using our service, for more accurate long-term blood pressure and ECG monitoring of their patients, Medical Monitors remains the only company providing this unique Australia-wide service.

United States

The US market remains the largest in the world. Your Company has achieved a significant milestone with its contract for the BPfone® blood pressure monitoring service at the prestigious Johns Hopkins University, Baltimore, now in its second year. It has proven to itself to be a very reliable program and a superior tool for use in clinical trials requiring long term data collection of blood pressure information. Enhancements here have also been added to the UK experience (see below).

In the US, the pharmaceutical industry spends more than US$165 million each year on blood pressure data collection and monitoring in large scale clinical trial programmes.

In the ECG arrhythmia monitoring market, the Company's newly designed and developed ECG monitor (the *suPER* ™) has been doing exceptionally well through the distribution channels established by iCardia Healthcare Corporation. The *suPER* ™ heart monitor has been given US Food and Drug Administration (FDA) clearance for marketing and sales, and is the first 'single user' device on the American market. It is considered extremely well placed to take all other service providers head on. The market for cardiac rhythm monitoring in the USA is estimated to be in excess of USD$450 million, and the Directors already see the Medical Monitors' technology and service becoming a significant part of that very large market.

United Kingdom

The Company suspended the UK operation for the first half of 2005, due to a number of factors which included the high cost of maintaining such an establishment. However, Mike Hudson, Executive Director for Premedical, has highlighted a number of changes in the National Health Service (NHS) that will allow for third party providers to contract with the NHS. It is anticipated that a new monitoring service will be will be set up to provide both ECG and blood pressure monitoring. Medical Monitors had already flagged a number of projects with both research institutions and international pharmaceutical companies in the UK that would utilise the Company's unique products. Previous work done in Leicester with the medical community has already confirmed the absolute value and cost saving attributes of this service to the NHS.

Revenue 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* ™ 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* ™ .

As noted, the Company was a successful applicant to available government grants, though these were less than from previous years. Particular mention should be made for the great support given the Company by the NSW Department of State and Regional Development Biobusiness programme, both in grant money and in its support for networking the Company towards other new business opportunities.

Mining tenements

The Company has concluded all of its mining tenement business.

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MANAGING DIRECTOR'S REPORT
FOR THE YEAR ENDED 30 JUNE 2005

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 $2.2 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

Company Secretary and Company Accountants

Our Company Secretary, Mr Geoff Rann, tendered his resignation for personal reason earlier this year. Geoff has bee a great support to the Company over the past three years and we wish him all the very best for the future.

We welcome Mr Richard Hyman, our administrator, who has taken on the Company Secretary role, as announced in December,2004. Richard brings with him a wealth of experience in business admin. and marketing.

At the same time, we Prosperity Personal & Corporate Advisers, who have assisted the Company with the accounts and the preparation of the Annual Report.

Future Market Opportunities

The Company is now an established and significant player in the international medical diagnostic services business, and is recognised world-wide by the healthcare profession and the pharmaceutical industry for our leading edge products and services.

As planned, international blood pressure monitoring services have been operational in the USA, the UK, and in Italy and have opened up the market for our products in those countries. Significantly, the *iCardia* cardiac rhythm monitoring service has now been established in the USA and revenues and royalties from this and the other monitoring services are expected to grow significantly over the coming year.

Finally, we thank the shareholders for their continued and very solid support, and the Company's employees for their significant input during the year. We believe that the future will continue to consolidate the opportunities that have been created and provide for substantial long term growth and sales revenue.

Dr Allan Shell
Managing Director

MEDICAL MONITORS LIMITED
ACN 009 161 522
CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2005

The Board is responsible for the corporate governance of the consolidated entity. It monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

At the date of this report, an Audit Committee has been established and is responsible to the Board of Directors. There being only five Directors of the Company, all other matters are dealt with by the Board of Directors.

The Board of Directors usually holds six scheduled meetings each year, plus strategy meetings and any extraordinary meetings at such other times as may be necessary to address any specific significant matters that may arise.

The following formalises the main corporate governance practices established to ensure the Board is well equipped to discharge its responsibilities:

Composition of the Board

The composition of the Board shall be determined in accordance with the following principles and guidelines:

- The Board shall comprise at least 3 Directors, increasing where additional expertise is considered desirable in certain areas;
- The Board shall not comprise a majority of executive Directors; and
- Directors shall bring characteristics, which allow a mix of qualifications, skills and experience.

While there is no formal review process in place, in order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors is informally reviewed by the Chairman. Directors whose performance is unsatisfactory may be asked to retire.

The Board's Performance and Communication to Shareholders

The Board of Directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of all Directors. Information is communicated to the shareholders through:

- Annual Report which is distributed to all shareholders, and posted on the ASX site www.asx.com.au.
- The Half-yearly Reports is posted on the ASX site www.asx.com.au
- The Annual General Meeting and other meetings called to obtain approval for Board action as appropriate
- The Company's compliance with ASX continuous disclosure requirements; and
- All public announcements and associated documents are made available on the Company website, at www.medmon.com.au

Internal Control Framework

The Board acknowledges that it is responsible for the overall internal control framework but recognises that no cost effective internal control system will preclude all errors and irregularities. The Board believes the current cost control framework to be suitable for the Company's current operations. There is no Internal Audit function as the cost would significantly outweigh the benefits.

The Role of Shareholders

The Board of Directors aims to ensure that the shareholders are informed of all major developments affecting the consolidated entity's state of affairs:

- Proposed major changes in the consolidated entity which may impact on share ownership rights are submitted to a vote of shareholders.
- Notices of all meetings of shareholders are made available to shareholders.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the consolidated entity's strategy and goals. Important issues are presented to the shareholders as single resolutions.

The shareholders are requested to vote on the appointment and aggregate remuneration of directors, the granting of options and shares and changes to the Constitution. Copies of the Constitution are available to any shareholder who requests it.

The External Auditor is to attend the Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's report.

Conflict of interest

In accordance with the Corporations Act 2001 and the company's constitution, the directors must keep the Board advised on an ongoing basis of any interests that could potentially conflict with those of the company. Details of director related entity transactions with the Company and the consolidated entity are set out in Note 13.

Directors dealings in Company shares

The Constitution permits Directors to acquire shares in the Company. Company policy prohibits directors from dealing in Company shares or exercising options whilst in possession of price sensitive information.

Independent Professional Advice

Each Director will have the right to seek independent professional advice at the Company's expense. However, prior approval by the Chairman will be required, which will not be unreasonably withheld.

Audit Committee

The role of the Audit Committee is documented in a Charter which is approved by the Board of Directors. The role of the Committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for management of the consolidated entity.

The external auditors were invited to Audit Committee meetings, and the committee met 2 times during the year.

The responsibilities of the Audit Committee include:
- Reviewing the financial report and other financial information distributed externally
- Reviewing external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, prompt and remedial action is taken by management
- Review the nomination and performance of the auditor.

Members of the Audit Committee for 2005 are Neville Buch, John Genner and Boris Patkin. The attendance record of the Audit Committee is disclosed in the Directors' Report.

Business Risk Management

The Board will monitor and receive advice on areas of operational and financial risk, and consider strategies for appropriate risk management arrangements.

Specific areas which were initially identified and which will be regularly considered by at Board Meetings include foreign currency fluctuations, performance of activities, human resources, the environment and continuous disclosure obligations.

Ethical Standards

The Board's policy is for the Directors and management to conduct themselves with the highest ethical standards. All Directors and employees will be expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the consolidated entity.

MEDICAL MONITORS LIMITED
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DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2005

Your Directors present their report on the Company and its controlled entities for the year ended 30 June 2005.

Directors

The names of Directors in office at any time during or since the end of the year are:

Dr Allan Shell (Chairman & Managing Director)
Mr Neville Buch
Mr John Genner
Mr Boris Patkin
Mr Harry Platt

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of Company secretary at the end of the financial year:

Richard Hyman (B.Comm) was appointed as company secretary as of December 2004. He has a wide experience in management and administration in small to medium sized companies. He replaces Geoffrey A Rann who resigned for personal reasons.

Principal Activities

The principal activity of the consolidated entity is the provision of diagnostic medical services.

Medical Monitors has designed, and is marketing worldwide, a number of unique products and services for monitoring of blood pressure and heart conditions. It is the only provider of an Australia-wide home based, transtelephonic, cardiac monitoring service.

Operating Results

The consolidated loss of the consolidated entity income tax amounted to $4,972,706 (2004: $4,141,122), which included a depreciation and amortisation charge of $1.493 million (2004: $1.404 million).

During the year, the Company has:

- undertaken significant development of the *suPER* ™ (single user) monitor for the USA market
- developed a cost effective manufacturing and procurement cycle for the *suPER* ™ monitor
- amortised the goodwill and reviewed the carrying value of the Intellectual Property (IP).

Dividends Paid or Recommended

No dividends have been paid by the Company during the financial year ended 30 June 2005 (2004: nil), nor have the Directors recommended that any dividend be paid.

Likely Developments and Expected Results

Despite the operating loss noted above, the Directors nevertheless believe that it is appropriate to prepare the financial statements on a Going Concern basis for the following reasons:

- As recently announced, the company has entered into an non-binding Heads of Agreement with two UK entities, Medpri Limited and Belgravia Telecom plc. Under the terms of the Heads of Agreement, Medical Monitors will acquire equity in Belgravia in exchange for its current interest in Medpri and certain intellectual property. Belgravia Telecom proposes to raise additional capital in the form of equity and debt that will be used to fund the expansion of the international business.
- To date, the Company has received an increase in orders for the *suPER* ™ 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 that it has sufficient working capital facilities available to enable it to meet its debts as an when they fall due. Refer Note 30(e).

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.

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. .

Future Developments, Prospects and Business Strategies

With the recent signing of a Heads of Agreement in the UK, and the anticipated involvement in an AIM Listed entity from that agreement, the Company is positioning itself to expand its products and services into the UK and European businesses. The UK - NHS is one of the largest employees and providers of health care in the EU. As well, it is clearly stated that the improvement in cardiovascular disease is one of the major factors that can reduce health care costs and, at the same time, improve health outcomes for the general population.

Medical Monitors products and service can provide the necessary tools to doctors and hospital clinics to achieve those outcomes. The British government has most recently confirmed guidelines for qualified third party health service providers to contract with the NHS to provide relevant contract service. Mike Hudson, Executive Director for Primedical (Medpri), considers that the Primedical business model will work well within those guidelines, and that immediate opportunities exist in the UK for Primedical to use the Medical Monitors' ECG and blood pressure monitoring programs for great commercial success.

Medical Monitors unique monitoring products are well proven and have already been successfully trialled in commercial quantities in Australia, the USA, UK and Europe. The Directors understand that, in doing business with the NHS, there will be substantial opportunities to enhance current systems, as well as develop new product through ongoing R&D with internationally recognised institutions and medical personnel of the highest level. In doing business with the NHS, Medical Monitors products and services will become recognised as superior products and services for the medical diagnostic monitoring market in that region.

Review of Operations

Development of business opportunities

Over the year, the Company has continued to develop business opportunities both in Australia and overseas. The Directors believe that the coming year will provide for sustainable strong commercial growth, particularly from the USA, then in the UK and Europe.

Medical Monitors' strategy remains focused on becoming a significant provider of home based cardiac monitoring services, particularly to the pharmaceutical industry, hospital clinics and to healthcare providers.

Research and Development

Research and Development activities have continued during the year, both in relation to the development of new products and further enhancements to the Company's existing products, to deliver leading edge, low cost based monitoring products. This is a critical factor in successfully penetrating highly lucrative overseas markets, with the *suPER* ™ ECG monitor being one such product finding now its place in the US market.

Financial Position

The net asset position of the company has decreased by $2.8 million during the year ended 30 June 2005 as a net result of capital raising of $2.2 million and the operating loss of $4.9 million for the year.

Significant Changes

For significant changes refer Note 31 Subsequent Events.

Information on Directors

The names and details of Directors holding office at any time during or since the end of the year are:

Dr Allan Shell

Managing Director &
Chief Medical Officer
Director since 18 June 2001
Chairman since Feb 2004
Age 55

Dr Shell has over 25 years experience in clinical medicine as a medical practitioner in private practice, and in private and public hospital systems in Australia and the UK. He also has significant experience in telemedicine and related technology products for the healthcare sector.

Dr Shell is a member of the Royal Australian College of Medical Administrators and a member of the Australian Institute of Company Directors. He is also a Director and Board member of the Wolper Hospital, in Sydney.

Dr Shell is responsible for the day-to-day activities of the Company and operation of the monitoring service, and is acting Chairman of the Board.

Mr Harry Platt

Operations Director
Director since 18 June 2001
Age 50

Mr Platt has more than 20 years experience in the development and management of technology projects and has a background in biomedical technology consulting. He has consulted to several major medical companies in the area of cardiac technology and has conducted, and published, research in cardiac electrophysiology and monitoring.

Mr Platt is responsible for management and product development. In addition, he provides ongoing advice on the technical direction of the Company.

Information on Directors (Continued)

Mr John Genner

Non-Executive Director
Director since 18 June 2001
Age 65

Mr Genner has a background in finance and accounting. For approximately 9 years he was the chief executive of a national mortgage insurance company. For approximately 19 years he has operated as a private investor and company director.

Mr Genner is Managing Director of the ASX listed BQT Solutions Limited.

Mr Boris Patkin

Non-Executive Director
Director since 16 Feb 2004
Age 54

Mr Patkin has a background in financial management and marketing. He has worked in senior management for a large multinational in Australia, and has been involved in corporate and financial restructuring and international trade.

Mr Patkin holds directorships in two other public companies, and is active in promoting good investor relations for the Company.

Mr Neville Buch

Non-Executive Director
Director since 16 Feb 2004
Age 41

Mr Buch has a background in global marketing, strategy and major account sales. He has had significant experience in the USA, Europe and Asia, as an executive of a major US-based medical, electronic and security conglomerate.

Mr Buch has taken on a number of Directorships with un-listed Australian technology companies in an advisory role and is currently Chairman of Artist and Entertainment Group Ltd. He is the Chairman of Medical Monitors' Audit Committee

Remuneration Report

The remuneration structure for Directors, secretaries and senior managers is based on the following factors:

- length of service
- experience of the individual concerned
- the overall performance of the market in which the Company is in
- the overall performance of the Company

Details of the nature and amount of each element of the remuneration of each Director and each of the remunerated officers:

a) Non-executive Directors Remuneration

	Primary Benefits				Post Employment	Equity			
2005 - Name	Salary, Fees & Commissions	Super-annuation Contributions	Cash Bonus	Non-Cash Benefits	Superannuation	Shares	Options	Other	Total
Dr J Goldberg	16,000	-	-	-	-	-	-	-	16,000
J Genner	-	-	-	-	-	18,000	-	-	18,000
B Patkin	112,087	-		-	-	-	-	-	112,087
N Buch	-	-	-	-	-	9,000	-	-	9,000
TOTAL	128,087	-	-	-	-	27,000	-	-	155,087
2004 - Name									
Dr J Goldberg	30,000	-	-	-	-	-	-	-	30,000
J Genner	-	-	-	-	-	18,000	-	-	18,000
B Patkin	29,815	-	-	-	-	-	-	-	29,815
N Buch	-	-	-	-	-	9,000	-	-	9,000
TOTAL	59,815	-	-	-	-	27,000	-	-	86,815

b) Executive Directors Remuneration

	Primary Benefits				Post Employment	Equity			
2005 - Name	Salary, Fees & Commissions	Super-annuation Contributions	Cash Bonus	Non-Cash Benefits	Superannuation	Shares	Options	Other	Total
Dr A Shell	176,500	-	-	-	-	-	-	-	176,500
H Platt	140,560	-	-	-	-	-	-	-	140,560
TOTAL	317,060	-	-	-	-	-	-	-	317,060
2004 - Name									
Dr A Shell	129,800	-	-	-	-	-	-	-	129,800
H Platt	149,850	-	-	-	-	-	-	-	149,850
TOTAL	279,650	-	-	-	-	-	-	-	279,650

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DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2005

Remuneration Report (Continued)

Directors' Share and Option Holdings as of the date of this report

	2005		2004	
	Shares	Options*	Shares	Options
J Genner	6,675,926	-	6,315,926	2,068,900
H Platt	17,905,979	-	18,105,979	6,290,725
Dr A Shell	19,323,836	-	18,948,836	6,915,725
N Buch	209,000	-	29,000	-
B Patkin	1,550,000	-	533,943	-

*All options expired on 30 June 2005

Note:
i) Dr A Shell has increased his holding in Shares indirectly, through a shareholding in a private Australian company, Moside Pty Ltd., and in Arana Superannuation Fund, in which he is a beneficiary. The Shares have been purchased 'on market' during the year. The total of Shares also includes those held by Kaitek International Pty Ltd, of which he is a Director and a beneficiary
ii) Mr H Platt's total of Shares also include those held by Morgan Tomas & Maxwell Pty Ltd, of which he is a Director and a beneficiary
iii) Mr Patkin has purchased Shares in the Company 'on market' during the year.
iv) Subsequent to shareholder approval given at the AGM of 29 November 2004, Messrs. Buch and Genner received Shares as remuneration for their Director's emoluments.

Meetings of Directors

During the year, meetings of Directors (including committees) were held. Attendances were:

Director	Directors' Meetings		Audit Committee Meetings	
	No. Eligible to Attend	No. Attended	No. Eligible to Attend	No. Attended
N Buch	5	5	2	2
J Genner	5	5	2	2
B Patkin	5	5	2	2
H Platt	5	5	-	-
Dr A Shell	5	5	-	-

Matter Subsequent to the End of the Financial Year

For matters subsequent to the end of the financial year refer Note 31 Subsequent Events.

Indemnifying Officers or Auditor

As stated in the Constitution of the Company, "except as may be prohibited by the Corporations Law, every Officer, auditor or agent of the Company shall be indemnified out of the property of the Company, against liability incurred by him in his capacity as Officer or auditor or agent of the Company".

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DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2005

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit Services

There were no non-audit services provided by KPMG during the financial year ended 30 June 2005.

Interest in Contract

Messrs. Platt and Shell have a direct interest in Health Care Link Pty Ltd, a private Australian company, that is occasionally contracted to carry out R&D tasks for Medical Monitors. The terms of payment are of a reasonable competitive and commercial basis.

Environmental Issues

The Company is no longer involved in exploration or in the mining of tenements within Australia.
The Directors are not aware of any significant breach, or pending legal action, in the period covered by this report.

Auditor's Independence Declaration

The Board of Directors of Medical Monitors Limited can confirm the independence of KPMG in its capacity as the Company's auditor.

The auditor's independence declaration for the year ended 30 June 2005 has been received and can be found on page 13 of the financial report.

Signed in accordance with a resolution of the Board of Directors.

Dr Allan Shell
Managing Director

30 September 2005

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporation Act 2001

To: the directors of Medical Monitors Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2005 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

J W Wigglesworth
Partner

Sydney

30 September 2005

MEDICAL MONITORS LIMITED
ACN 009 161 522
AND ITS CONTROLLED ENTITIES

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2005

		Consolidated		The Company	
		2005	2004	2005	2004
	Note	$	$	$	$
CURRENT ASSETS					
Cash assets	5	216,432	341,800	198,549	315,649
Receivables	6	579,332	187,407	575,283	42,810
Inventories	7	232,886	390,557	232,886	352,364
Other current assets	8	171,323	434,240	171,323	434,240
TOTAL CURRENT ASSETS		1,199,973	1,354,004	1,178,041	1,145,063
NON-CURRENT ASSETS					
Property, plant & equipment	9	219,751	328,181	144,132	167,464
Intangibles	10	4,084,695	5,204,591	-	-
Capitalised research and development	11	-	696,334	-	674,517
Other financial assets	12	2,830	153,138	2,639,093	10,096,339
TOTAL NON-CURRENT ASSETS		4,307,276	6,382,244	2,783,225	10,938,320
TOTAL ASSETS		5,507,249	7,736,248	3,961,266	12,083,383
CURRENT LIABILITIES					
Payables	14	1,096,458	1,010,156	1,085,561	1,036,433
Interest bearing liabilities	15	698,132	448,425	95,703	400,650
Provisions	16	75,571	49,005	75,874	49,005
Other financial liabilities	17	-	-	127,451	127,451
TOTAL CURRENT LIABILITIES		1,870,161	1,507,586	1,384,589	1,613,539
NON-CURRENT LIABILITIES					
Interest Bearing Liabilities	15	906,918	712,369	906,418	28,754
TOTAL NON-CURRENT LIABILITIES		906,918	712,369	906,418	28,754
TOTAL LIABILITIES		2,777,079	2,219,955	2,291,007	1,642,293
NET ASSETS		2,730,170	5,516,293	1,670,259	10,441,090
EQUITY					
Contributed Equity	18	34,761,131	32,574,548	34,761,131	32,574,548
Reserves	19	493,152	493,152	393,153	393,153
Accumulated losses	20	(32,524,113)	(27,551,407)	(33,484,025)	(22,526,611)
TOTAL EQUITY		2,730,170	5,516,293	1,670,259	10,441,090

The accompanying notes form part of these financial statements.

MEDICAL MONITORS LIMITED
ACN 009 161 522
AND ITS CONTROLLED ENTITIES

STATEMENTS OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005

	Note	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Revenue from sale of goods		253,956	194,455	232,400	111,477
Revenue from rendering of services		157,055	133,261	38,288	6,503
Other revenues from ordinary activities		109,832	120,904	85,817	120,882
Total revenue from ordinary activities	2	520,843	448,620	356,505	238,862
Changes in inventories of finished goods		263,065	91,052	204,152	43,352
Carrying amount of mineral interests sold		-	5,000	-	5,000
Corporate Expenses		482,652	187,153	425,328	167,613
Staff expenses		648,831	726,437	522,624	554,087
Consulting expenses		1,082,086	979,867	1,031,504	924,901
Rent expenses		112,780	250,440	72,372	127,680
Borrowing costs		132,530	350,699	104,042	274,924
Depreciation and amortisation		1,492,969	1,403,693	292,188	159,496
Foreign currency loss		4,364	(43,317)	4,368	17,070
Other expenses from ordinary activities		325,694	220,944	265,641	157,713
Provisions for writedown of investment		-	-	5,170,754	-
Provisions for writedown of intangibles		253,224	-	231,407	-
Provisions for writedown of receivables from other entities		131,119	-	2,425,305	-
Provision for writedown in prepayments		319,887	-	319,887	-
International Marketing expenses		244,348	417,774	244,348	405,027
Loss from ordinary activities before income tax expense	3	(4,972,706)	(4,141,122)	(10,957,414)	(2,598,001)
Income tax benefit relating to ordinary activities		-	-	-	-
		(4,972,706)	(4,141,122)	(10,957,414)	(2,598,001)
Non-owner transaction changes in equity		-	-	-	-
Total changes in equity		(4,972,706)	(4,141,122)	(10,957,414)	(2,598,001)
Earnings Per Share (cents per share)					
Basic EPS	27	(2.0)	(2.0)		
Diluted EPS - not materially different to basic EPS					

The accompanying notes form part of these financial statements.

MEDICAL MONITORS LIMITED
ACN 009 161 522
AND ITS CONTROLLED ENTITIES

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2005

	Note	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Cash Flows from Operating Activities					
Cash payments in the course of operations		(3,144,013)	(2,654,495)	(2,406,663)	(2,119,141)
Cash receipts in the course of operations		553,009	317,013	(147,296)	108,926
Interest received		29,856	11,554	6,344	11,533
Interest Paid		(132,530)	(350,699)	(104,042)	(275,778)
Net Cash Used in Operating Activities	24(b)	(2,693,678)	(2,676,627)	(2,651,656)	(2,274,460)
Cash Flows from Investing Activities					
Payments for plant and equipment		(112,967)	(101,773)	(92,845)	(46,589)
Proceeds from mineral interests sold		-	5,000	-	5,000
Proceeds from plant and equipment sold		24,335	-	-	-
Payments for research and development		-	(144,780)	-	(144,780)
Export Marketing Development Grant		-	103,831	-	103,831
Research & Development Grant		267,099	267,259	267,099	267,259
Refund of security deposits		150,308	693	150,000	-
Net Cash provided by Investing Activities		328,775	130,230	324,254	184,721
Cash Flows from Financing Activities					
Proceeds from share issue net of transaction costs			3,395,620		3,395,620
		2,186,583		2,186,583	
Borrowings - secured		(21,668)	-	-	-
Borrowings - unsecured		153,832	-	186,650	-
Loans to controlled entities		-	-	(157,694)	(528,057)
Repayment of Borrowings		(79,212)	(597,196)	(5,237)	(544,244)
Net Cash Provided by Financing Activities		2,239,535	2,798,424	2,210,302	2,323,319
Net Increase (Decrease) in Cash Held		(125,368)	252,027	(117,100)	233,580
Cash at the Beginning of the Financial Year		341,800	89,773	315,649	82,069
Cash at the End of the Financial Year	24(a)	216,432	341,800	198,549	315,649

The accompanying notes form part of these financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the consolidated entity of Medical Monitors Limited and controlled entities, and Medical Monitors Limited as an individual parent entity. Medical Monitors Limited is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied.

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 $4.97 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:

- As recently announced, the company has entered into an non-binding Heads of Agreement with two UK entities, Medpri Limited and Belgravia Telecom plc. Under the terms of the Heads of Agreement, Medical Monitors will acquire equity in Belgravia in exchange for its current interest in Medpri and certain intellectual property. Belgravia Telecom proposes to raise additional capital in the form of equity and debt that will be used to fund the expansion of the international business.
- To date, the Company has received an increase in orders for the *suPER* ™ 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 that it has sufficient working capital facilities available to enable it to meet its debts as an when they fall due. Refer Note 30(e).

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 finalise the proposed Belgravia/Medpri transaction, 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 secure alternate distribution arrangements, either raise additional capital or debt funding, or reduce expenditure through a scale back of the international marketing initiatives.

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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Principles of consolidation

Controlled entities

The financial statements of controlled entities are included from the date control commences until the date control ceases. Outside interests in the equity and results of the entities that are controlled by the Company are shown as a separate item in the consolidated financial statements. Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

Associated entities

Associates are those entities, other than partnerships, over which the consolidated entity exercises significant influence and which are not intended for sale in the near future.

In the consolidated financial statements, investments in associates are accounted for using the equity accounting principles. Investments in the associates are carried at the lower of the equity accounted amount and recoverable amount. The consolidated entity's equity accounted share of the associates' net profit or loss is recognised in the consolidated statement of financial performance form the date significant influence commences until the date significant influence ceases. Other movements in reserves are recognised directly in consolidated reserves.

(c) Revenue Recognition

Revenues are recognised at fair value of the consideration received net of the amounts of goods and services tax.

Revenue from rendering of services

Revenue from rendering of monitoring and diagnostic services is recognised in proportion to the stage of completion of the contract when the stage of the contract can be reliably measured.

Sale of Goods

Revenue from the sale of goods (net of returns, discounts and allowances) is recognised when the consolidated entity has passed control of the goods or other assets 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) 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 recoverable from the Australian Taxation Office ("ATO"). In these circumstances GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

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

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Items are included in the Statement of Cash Flows are disclosed on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(e) Foreign Currency

Transactions

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date. Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statement of financial performance in the financial year in which the exchange rates change.

Translation of controlled foreign entities

The assets and liabilities of integrated foreign operations are translated using the temporal method. Monetary assets and liabilities are translated into Australian currency at rates of exchange current at balance date, while non-monetary items and revenue and expense items are translated at exchange rates current when the transactions occurred. Exchange differences arising on translation are brought to account in the statement of financial performance.

(f) Income Tax

The consolidated entity adopts the income statement liability method of tax effect accounting. Income tax expense is calculated on operating profit adjusted 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 assured beyond reasonable doubt. Future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain. The tax effects of capital losses are not recorded unless realisation is virtually certain.

To the extent that dividends are proposed by controlled entities incorporated overseas, the consolidated entity has provided for withholding tax. A provision is also made for the withholding tax on the balance of unremitted profits that eventually will be remitted to the Company.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Acquisitions 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 off proceeds received, otherwise expensed

Where settlement of any part of cash consideration is deferred, the amounts payable are recorded at their preset value, discounted at the rate applicable to the company if a similar borrowing were obtained from an independent financier under comparable terms and conditions.

The costs of assets constructed or internally generated by the consolidated entity, other than goodwill, include the cost of materials and direct labour. Directly attributable overheads, and other incidental cost, are also capitalised to the asset.

Expenditure including that on internally generated assets is only recognised as an asset when the entity controls future economic benefits as a result of the costs incurred, it is probable that those future economic benefits will eventuate, and the costs can be measured reliably. Costs attributable to feasibility and alternative approach assessments are expensed as incurred.

Research and development costs

Research and development (R&D) expenditure is expensed as incurred except to the extent that its recoverability is assured beyond any reasonable doubt, in which case it is deferred. Where a grant is received relating to R&D costs that have been deferred, the grant is deducted from the carrying amount of capitalised R&D costs.

Subsequent additional costs

Costs incurred on assets subsequent to initial recognition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the consolidated entity in future years. Costs that do not meet the criteria for capitalisation are expensed as incurred.

(h) Receivables

Trade receivables and other receivables are recorded at amounts due less any provision for doubtful debts. The ability to recover amounts owed to the company are regularly assessed and specific provisions are made if required.

(i) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost includes direct materials, direct labour, other direct viable costs and allocated production overheads necessary to bring inventories to their present location and condition, based on normal operating capacity of the production facilities.

Manufacturing activities

The cost of manufacturing inventories and work-in-progress are assigned on a first-in, first-out basis. Costs arising from exceptional wastage are expensed as incurred.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Inventories (Continued)

Net realisable value

Net realisable value is determined in the basis of each inventory line's normal selling pattern. Expenses of marketing, selling and distribution to customers are estimated and are deducted to establish net realisable value.

(j) Investments

Investments in controlled entities are carried in the Company's financial statements at the lower of cost and recoverable amount.

(k) Leased assets

Leases under which the company or its controlled entity assume substantiality all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases

Finance leases are capitalised. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease.

Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed. Contingent rentals are expensed as incurred.

Operating leases

Payments made under operating leases are expensed on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

(l) Exploration & Evaluation Expenditure

The company disposed all interest in mining and exploration activities during 2004.

(m) Goodwill

Goodwill represents the excess of purchase consideration plus incidental costs over the fair value of identifiable net assets acquired. Goodwill is amortised over a period of five years on a straight line basis being the estimated useful life of this intangible asset.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Recoverable Amount of Non Current Assets valued on a 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 the lower amount. In assessing recoverable amounts of non-current assets, the cashflows have not been discounted to their present value. The write-down is expensed in the reporting period in which it occurs.

Current valuations for land and buildings valued on the cost basis are carried out at least once every three years. Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets.

In assessing the recoverable amount of non-current assets, the directors have had regard to cashflow forecasts and information regarding the expected valuation of Belgravia Telecom following the completion of the proposed transaction. In addition, the Directors expect that the fair value of the Belgravia shares that will be acquired if the proposed transaction is completed will exceed the carrying values of non-current assets.

Except where specifically stated, non-current assets are recorded at the lower of cost and recoverable amount.

(o) Depreciation and amortisation

Complex assets

The components of major assets that have materially different useful lives, are effectively accounted for as separate assets, and are separately depreciated.

All assets, including intangibles, have limited useful lives and are depreciated/amortised using the straight line method over their estimated useful lives, with the exception of carried forward exploration and evaluation expenditure. Finance lease assets are amortised over the term of the relevant lease, or where it is likely the consolidated entity will obtain ownership of the asset, the life of the asset. Assets are depreciated or amortised from the state of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until the commercial production commences.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation and amortisation are expensed, except to the extent that they are included in the carrying amount of another asset as an allocation of production overheads.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Depreciation and amortisation (Continued)

Useful Lives

The depreciation and amortisation rates used for each class of each class of non-current asset in the current and prior year are as follows:

Property, plant and equipment	13-40%
Research and development costs	20%
Goodwill	20%
Intellectual property	10%

(p) Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and/or services.

(q) Employee Entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of wages and salaries, annual leave, and other employee entitlements expected to be settled within 12 months, are measured at their nominal values.

Provisions made in respect of other employee entitlements which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to the reporting date.

(r) Provisions

A provision is recognised when a legal or constructive obligation exists as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, except where noted below.

(s) Capital Raising Costs

Costs incurred in relation to the proposed and foreseeable issue of share capital are capitalised as a current asset pending the issue of the shares to which they relate. On issue of these shares the balance of the capitalised share issue costs are recognised in contributed equity.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Employee share and option plans

Where shares or options are issued to employees as remuneration for past services, the difference between fair value of the shares or options issued and the consideration received, if any, from the employee is expensed. The fair value of these shares or options issued is recorded as contributed equity.

Other share or options issued to employees are recorded in contributed equity at the fair value of consideration received if any.

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

(u) Restated presentation of R&D Start Concessional Loan

In preparing the accounts for the year ending 30 June 2004 and in prior periods subsequent to 30 June 2002, the directors have considered amounts payable to the Commonwealth under the R&D Start Concessional Loan ("R&D Loan") to be a non-current liability. In 2001, the Company commenced negotiations with AusIndustry in relation to the re-structuring of the repayment terms of the loan. The Executive Directors representing the company have advised that they received representations received from AusIndustry that repayment terms could be re-scheduled and that no payment would be demanded until such time as the formal re-scheduling was agreed. During these discussions AusIndustry representatives also recommended that the Company could consider applying for a waiver of the debt.

The directors understand that the application for waiver is currently being considered by the Commonwealth and the Company has been advised that the Commonwealth is unlikely to seek recovery of the R&D Loan until the request for waiver has been finally determined. In the event that the waiver is not granted, the directors will seek to agree re-scheduled repayment terms with the Commonwealth.

The Commonwealth has advised that, notwithstanding the representations received from AusIndustry and the application for waiver of debt, that the R&D Loan is due and payable. Subsequent to the finalisation of the June 2004 financial report, the company has obtained its own legal advice that has confirmed the Commonwealth's position that the loans are technically due and payable. Accordingly, the R&D Loan and accrued interest totaling $548,742 has been classified as a current liabilities at 30 June 2005. Had the R&D loan been presented as a current liability as at 30 June 2004, current interest bearing liabilities would have increased by $519,759 whilst non current interest bearing liabilities would have decreased by the same amount.

(v) 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 Company'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, if any, will be made retrospectively against retained earnings at 1 July 2004.

The Company's management, with the assistance of external consultants, has completed a preliminary assessment of the significance of the expected changes and is preparing for their implementation. The potential impact of the alternative treatments and elections under AASB 1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards has been considered as far as possible.

The significant differences in the consolidated entity's accounting policies on conversion to AIFRS that have been identified to date 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 Company's AIFRS committee.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

International Financial Reporting Standards (Continued)

Research and Development Expenditure

Research and Development Expenditure
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. AIFRS requires that development costs be capitalised to the statement of financial position to the extent they meet recognition criteria including the ability to demonstrate the technical feasibility of developing an asset so that it will be available for us or sale and whether the development costs will generate profitable 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.

Intangible Assets – Intellectual Property

Under AASB 138: Intangible Assets, intangible assets with a definite life continue to be amortised over their useful life and subjected to an annual impairment test. Current accounting policy of the consolidated entity is to amortise Intellectual Property on a straight-line basis over a period of 10 years and this continues to be appropriate under AIFRS.

Impairment of Assets

Under AASB 136: Impairment of Assets, the recoverable amount of an asset is determined as the higher of fair value less costs to sell, and value in use. In determining value in use, projected future cash flows are discounted using a risk adjusted pre-tax discount rate and impairment is assessed for the individual asset or at the 'cash generating unit' level. A 'cash generating unit' is determined as the smallest group of assets that generates cash flows that are largely independent of the cash inflows from other assets or groups of assets. The current policy is to determine the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the asset's use and subsequent disposal. It is likely that this change in accounting policy will lead to impairments being recognised more often.

The impairment of non-current assets under AASB 136: Impairment of Assets has been considered by the directors of the Company. The directors have determined that there were no ievidence of impairment at the date of transition, and accordingly there is expected to be no financial impact on first time adoption of AIFRS. Similarly, the directors do no expect differences to arise in relation to impairment when the 30 June 2005 accounts are restated.

Goodwill on Consolidation

Under AASB 3: Business Combinations, goodwill is capitalised to the statement of financial position and subjected to an annual impairment test. Amortisation of goodwill is prohibited. Current accounting policy of the entity is to amortise goodwill on a straight-line basis over a period of 5 years. Goodwill amortised of $526,932 charged during the year ended 30 June 2005 will be reversed under AIFRS increasing net assets of the company by the same amount.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax

Currently, the consolidated entity does not recognise deferred tax assets for unused tax losses and unused tax credits from prior years. Under AASB 112: Income Taxes, the entity is able to recognise any unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

An annual review will occur to determine if it is probable that taxable profits will be achieved in future periods to enable unused tax losses and unused tax credit to be utilised. The directors do not expect to recognise a deferred tax asset as at 1 July 2004 or 30 June 2005 under AIFRS.

Share-based Payments

Under AASB2: Share-based Payments, requires share-based transactions to be recognised in the financial statements. These transactions include payments to employees or other parties to be settled in cash, other assets, or equity instruments.

The fair value of shares issued to Directors in lieu of directors fees during 2005 was $27,000 (2004: $27,000).

MEDICAL MONITORS LIMITED
ACN 009 161 522
AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2005

	Consolidated		The Company	
	2005	2004	2005	2004
	$	$	$	$
2 REVENUE FROM ORDINARY ACTIVITIES				
Operating Activities:				
- Revenue from the sale of goods	253,956	194,455	232,400	111,477
- Rendering of service revenue from ordinary activities	157,055	133,261	38,288	6,503
	411,011	327,716	270,688	117,980
Other revenue:				
- Interest received (other parties)	29,856	12,073	6,344	12,051
- Sundry Income	79,976	-	79,473	-
- Proceeds from sale of mineral interests	-	5,000	-	5,000
- Government grant	-	103,831	-	103,831
	109,832	120,904	85,817	120,882
Total Revenue from ordinary activities	520,843	448,620	356,505	238,862
3 LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE				
Loss from ordinary activities before income tax expense has been determined after:				
Cost of inventory sold	263,065	91,052	204,152	43,352
Carrying amount of mineral interests sold	-	5,000	-	5,000
Auditors remuneration	115,000	69,180	115,000	69,180
Employee benefits	6,737	25,717	6,737	25,717
Provisions for writedown of investment	-	-	5,170,754	-
Provisions for writedown of intangibles	253,224	-	231,407	-
Provisions for writedown of receivables from other entitie	131,119	-	2,425,305	-
Provision for writedown in prepayments	319,887	-	319,887	-
Depreciation of non-current assets:				
- Plant and office equipment	60,220	73,711	13,410	14,298
	60,220	73,711	13,410	14,298
Amortisation of non-current assets:				
- Intellectual property	592,964	592,960	-	-
- Goodwill	526,932	526,927	-	-
- Capitalised research and development	176,011	77,614	176,011	77,614
- Leased equipment	136,842	132,481	102,767	67,584
	1,432,749	1,329,982	278,778	145,198
Total depreciation and amortisation	1,492,969	1,403,693	292,188	159,496
Borrowing costs				
- Interest and finance charges (other persons)	132,530	350,699	104,042	274,924

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
3 LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE (Continued)				
Legal fees	54,277	170,009	51,748	161,378
Net foreign exchange loss/(gain)	4,368	(43,317)	4,368	17,070
Research and development expenditure expensed as incurred	-	144,780	-	144,780
Write down in research and development	253,224	-	231,407	-
Bad and doubtful debts (trade debtors)	1,517	-	1,517	-

4 INCOME TAX

(a) The prima facie income tax benfit on loss from ordinary activities before income tax is reconciled to the income tax as follows:

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Operating loss from ordinary activities	(4,972,706)	(4,141,122)	(10,957,414)	(2,598,001)
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2004: 30%)	(1,491,812)	(1,242,337)	(3,287,224)	(779,400)
Increase/(decrease) in income tax due to:				
Tax effect of:				
- Allowable research and development costs	(175,000)	(175,000)	(175,000)	(175,000)
- Non-deductible amortisation of goodwill	158,080	158,080	-	-
- Non-deductible provisions	39,335	-	2,278,817	-
- Timing differences and tax losses not recognised as future income tax benefits	1,469,397	1,259,257	1,183,407	954,400
Income tax expense or benefit attributable to loss from ordinary activities	-	-	-	-

(b) No future income tax benefits have been recognised.

The directors estimate that the potential future income tax benefit at 30 June 2005 in respect of tax losses not brought to account is:	4,547,614	3,078,217	2,731,143	1,547,736

This future income tax benefit will only be obtained if:
(a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised:
(b) the conditions for deductibility imposed by tax legislation continue to be complied with; and
(c) no changes in tax legislation adversely affect the economic entity in realising the benefit.

	Consolidated		The Company	
	2005	2004	2005	2004
	$	$	$	$
5 CASH ASSETS				
Cash at bank and on hand	216,432	341,800	198,549	315,649
6 RECEIVABLES				
Trade Debtors	245,570	2,768	244,550	1,639
Other	60,033	184,639	57,454	41,171
Receivables from other entities	404,848	-	404,398	-
Provision for doubtful debts	(131,119)	-	(131,119)	-
	579,332	187,407	575,283	42,810
7 INVENTORIES				
Direct materials – at cost	117,109	123,144	117,109	123,144
Finished goods – at cost	115,777	267,413	115,777	229,220
	232,886	390,557	232,886	352,364
8 OTHER CURRENT ASSETS				
Prepayments	171,323	434,240	171,323	434,240
	171,323	434,240	171,323	434,240
9 PROPERTY, PLANT AND EQUIPMENT				
Plant & equipment – at cost	286,249	310,585	52,517	52,517
Less: Accumulated depreciation	(237,780)	(186,848)	(35,958)	(31,835)
	48,469	123,737	16,559	20,682
Office Equipment – at cost	73,705	25,733	46,439	18,588
Less: Accumulated depreciation	(16,433)	(7,145)	(9,288)	-
	57,272	18,588	37,151	18,588
Leased Equipment	470,394	405,398	333,742	268,747
Less: Accumulated amortisation	(356,384)	(219,542)	(243,320)	(140,553)
	114,010	185,856	90,422	128,194
	219,751	328,181	144,132	167,464

9 PROPERTY, PLANT & EQUIPMENT (Continued)

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below:

	Plant and Equipment $	Office Furniture $	Leased Plant and Equipment $	Total $
Consolidated:				
Balance at the beginning of the year	123,737	18,588	185,856	328,181
Additions	-	47,971	64,996	112,967
Disposals	(24,335)	-	-	(24,335)
Depreciation Expense	(50,933)	(9,287)	(136,842)	(197,062)
Carrying amount at the end of the year	48,469	57,272	114,010	219,751
The Company:				
Balance at the beginning of the year	20,682	18,588	128,194	167,464
Additions	-	27,850	64,995	92,845
Disposals	-	-	-	-
Depreciation Expense	(4,123)	(9,287)	(102,767)	(116,177)
Carrying amount at the end of the year	16,559	37,151	90,422	144,132

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2005

10 INTANGIBLES

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Intellectual property	5,929,600	5,929,600	-	-
Less: provision for amortisation	(2,371,840)	(1,778,880)	-	-
	3,557,760	4,150,720	-	-
Goodwill on consolidation	2,634,662	2,634,662	-	-
Less: provision for amortisation	(2,107,727)	(1,580,791)	-	-
	526,935	1,053,871	-	-
	4,084,695	5,204,591	-	-

11 CAPITALISED RESEARCH AND DEVELOPMENT

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Gross Carrying Amount – at cost:				
Balance at beginning of year	812,755	1,080,014	790,938	1,058,197
Costs capitalised during the year	-	-	-	-
Income from R&D concession allocated against capitalised costs	(267,099)	(267,259)	(267,099)	(267,259)
Balance at end of year	545,656	812,755	523,839	790,938
Accumulated Amortisation				
Balance at beginning of year	116,421	38,807	116,421	38,807
Amortisation expense	176,011	77,614	176,011	77,614
Balance at end of year	292,432	116,421	292,432	116,421
Capitalised Research and Development	545,656	812,755	523,839	790,938
Less: accumulated amortisation	(292,432)	(116,421)	(292,432)	(116,421)
	253,224	696,334	231,407	674,517
Less: write down in value of research and development	(253,224)	-	(231,407)	-
	-	696,334	-	674,517

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2005

12 OTHER FINANCIAL ASSETS

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Investment in controlled entities at cost	-	-	7,809,845	7,809,843
Less: Provision for write down in investments	-	-	(5,170,754)	-
	-	-	2,639,091	7,809,843
Unsecured loans to controlled entities	-	-	2,294,186	2,136,494
	-	-	(2,294,186)	-
	-	-	-	2,136,494
Security deposits	2,830	153,138	2	150,002
	2,830	153,138	2,639,093	10,096,339

13 CONTROLLED ENTITIES

	Country of Origin Incorporation	% Owned 2005	% Owned 2004
Parent Entity:			
Medical Monitors Limited	Aust	-	-
Subsidiaries of Medical Monitors Limited:			
Snowy Plains Pty Ltd	Aust	100	100
Kalgoorlie Tailings Project Pty Ltd	Aust	100	100
Heart Monitors Pty Ltd	Aust	100	100
Wellness Monitoring Inc.	USA	100	100
Medical Monitors (UK) Limited	UK	100	100
E-Medicine Services Limited	UK	100	100
Associates of Medical Monitors Limited:			
Medpri Limited	UK	42	42
Care Medical Limited	UK	50	50

14 PAYABLES

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Trade creditors and accruals	1,012,138	592,048	1,001,241	618,325
Unearned Income	84,320	26,804	84,320	26,804
Unsecured borrowing	-	391,304	-	391,304
	1,096,458	1,010,156	1,085,561	1,036,433

MEDICAL MONITORS LIMITED
ACN 009 161 522
AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2005

	Consolidated		The Company	
	2005	2004	2005	2004
	$	$	$	$
15 INTEREST BEARING LIABILITIES				
CURRENT				
Lease liability	121,552	164,020	95,703	116,245
Loans - secured	27,838	-	-	-
Loans - unsecured	-	284,405	-	284,405
Government R&D start loan – unsecured (note 1(u))	548,742	-	-	-
	698,132	448,425	95,703	400,650
NON-CURRENT				
Lease liability	44,059	80,803	44,059	28,754
Loans - secured	-	49,506	-	-
Unsecured borrowing	862,859	-	862,359	-
Government R&D start loan – unsecured (note 1(u))	-	582,060	-	-
	906,918	712,369	906,418	28,754
	1,605,050	1,160,794	1,002,121	429,404
16 PROVISIONS				
CURRENT				
Employee entitlements	75,571	49,005	75,874	49,005
Number of employees at year end	8	9	8	7
17 OTHER FINANCIAL LIABILITIES				
Unsecured loans from related entities	-	-	127,451	127,451

18 CONTRIBUTED EQUITY

	Consolidated		The Company	
	2005	2004	2005	2004
	$	$	$	$
Issued Capital				
Balance at beginning of year	32,574,548	29,086,438	32,574,548	29,086,438
Movements:-				
9,288,571 fully paid out shares issued at $0.035 each	-	325,100	-	325,100
16,562,500 fully paid out shares issued at $0.08 each	-	1,325,000	-	1,325,000
1,800,000 fully paid out shares issued at $0.09 each	-	162,000	-	162,000
16,500,005 fully paid out shares issued at $0.05 each	-	825,000	-	825,000
13,508,100 fully paid out shares issued at $0.063 each	-	851,010	-	851,010
6,630,000 fully paid out shares issued at $0.00 each	-	-	-	-
7,600,955 fully paid out shares issued at $0.05 each	380,048	-	380,048	-
24,500,000 fully paid out shares issued at $0.04 each	980,000	-	980,000	-
25,415,450 fully paid out shares issued at $0.04 each	1,015,750	-	1,015,750	-
3,003,420 shares bought back at $0.06 each	(189,215)	-	(189,215)	-
Balance at year end	34,761,131	32,574,548	34,761,131	32,574,548

	No.	No.	No.	No.
At the beginning of reporting year	236,643,519	172,354,343	236,643,519	172,354,343
9,288,571 fully paid out shares issued at $0.035 each	-	9,288,571		9,288,571
16,562,500 fully paid out shares issued at $0.08 each	-	16,562,500	-	16,562,500
1,800,000 fully paid out shares issued at $0.09 each	-	1,800,000		1,800,000
16,500,005 fully paid out shares issued at $0.05 each	-	16,500,005	-	16,500,005
13,508,100 fully paid out shares issued at $0.063 each	-	13,508,100	-	13,508,100
6,630,000 fully paid out shares issued at $0.00 each	-	6,630,000		6,630,000
7,600,955 fully paid out shares issued at $0.05 each	7,600,955	-	7,600,955	-
24,500,000 fully paid out shares issued at $0.04 each	24,500,000	-	24,500,000	-
25,415,450 fully paid out shares issued at $0.04 each	25,415,450	-	25,415,450	-
3,003,420 shares bought back at $0.06 each	(3,003,420)	-	(3,003,420)	-
	291,156,504	236,643,519	291,156,504	236,643,519

Rights attaching to ordinary shares

Members are entitled to notice of, and to attend and vote at, general meetings.

Subject to any shares that may in the future be issued with special or preferential rights, (currently there are none) every member present in person or by proxy, attorney or representative has one vote on a show of hands, and on a poll, one vote for each share.

Subject to any shares that may in the future be issued with special or preferential rights (currently there are none), the surplus assets of the Company after winding-up will be divided amount the members in proportion to the number of shares held by them, irrespective of the amounts paid or credited as paid on the shares.

However, a liquidator in a winding up may, with the sanction of a special resolution of members, divide among the members the whole or any part of the property of the Company and determine how the division is to be carried out as between the members or different classes of members.

	Consolidated		The Company	
	2005	2004	2005	2004
	$	$	$	$
19 RESERVES				
Share option reserve	393,153	393,153	393,153	393,153
Other reserves	99,999	99,999	-	-
Total reserves	493,152	493,152	393,153	393,153

There has been no movements in reserves during the year.

Option Reserve

Where options are used as part of consideration for acquisitions or are issued at other than nil consideration the cost of the options are recognised by the Company in the option reserve.

Other Reserves

The outstanding credit to other reserves has resulted from prior period allocations of retained profits for non-specific purposes.

20 ACCUMULATED LOSSES

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Balance at beginning of financial year	(27,551,407)	(23,410,285)	(22,526,611)	(19,928,610)
Net loss attributed to the concolidated entity for the year	(4,972,706)	(4,141,122)	(10,957,414)	(2,598,001)
Balance at end of financial year	(32,524,113)	(27,551,407)	(33,484,025)	(22,526,611)

21 CAPITAL AND LEASING COMMITMENTS

(a) Finance leasing and hire purchase commitments

	Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
Payable				
- not longer than 1 year	125,609	178,428	99,706	125,870
- longer than 1 year but not longer than 5 years	48,057	87,902	46,864	32,273
Minimum lease payments	173,666	266,330	146,570	158,143
Less: future finance charges	(8,055)	(21,507)	(6,808)	(13,144)
Total lease liability	165,611	244,823	139,762	144,999

22 RELATED PARTY TRANSACTIONS

1. During the financial year $140,560 (2004: $149,850) was paid for consultancy services provided in the normal course of business to Morgan Tomas Maxwell Pty Ltd, a company associated with Mr. H. Platt.
2. During the financial year $176,500 (2004: $129,800) was paid for consultancy services provided in the normal course of business to Kaitek International Pty Ltd, a company associated with Dr A. M. Shell.
3. Dr. Shell has established a $1,000,000 line of credit facility for the Company.
4. During the financial year $112,087 (2004: $29,825) was paid for consultancy services provided in the normal course of business to Patkin Investments Pty Ltd, a company associated with Mr. B. Patkin.
5. Mr H Platt and Dr A.M. Shell have a direct interest in HealthCare Link Pty Ltd that is occasionally contracted to provide R&D tasks for the company
6. During the financial year $486,102 (2004:nil) was loaned to the Company by Dr Allan Shell.
7. During the financial year $295,714 (2004 :nil) was loaned to the Company by Moside Pty Limited, a company associated with Dr Allan Shell

	Consolidated		The Company	
	2005	2004	2005	2004
	$	$	$	$
23 AUDITORS REMUNERATION				
Audit Services: Auditors of the Company KPMG Australia				
Audit and review of the financial reports	115,000	69,180	115,000	69,180
24 CASH FLOW INFORMATION				
(a) Reconciliation of Cash				
Cash at bank and on hand	216,432	341,800	198,549	315,649
	216,432	341,800	198,549	315,649
(b) Reconciliation of loss from Operations after income tax to net cash used by ordinary activities.				
Loss from ordinary activities after income tax	(4,972,706)	(4,141,122)	(10,957,414)	(2,598,001)
Non-cash flows in profit from ordinary activities				
Unrealised foreign gain/loss	-	-	-	17,066
Amortisation/Depreciation of fixed assets	197,062	206,192	116,177	81,882
Amortisation of intellectual property and capitalised research and development	768,975	670,574	176,011	77,614
Amortisation of goodwill on acquisition	526,932	526,927	-	-
Amounts set aside to provisions	131,119	5	131,119	5
Provision for writeoff of research & development	253,224	-	231,407	-
Provision for writeoff of investments	-	-	7,464,940	-
Less: Items reclassified to Investing Activities				
Government Grant	-	(103,831)	-	(103,831)
Research and development	-	144,780	-	144,780
Changes in assets and liabilities during the financial year:				
(Increase)/decrease in trade and other receivables	(523,044)	(53,183)	(663,592)	35,420
(Increase)/decrease in prepayments	262,917	-	262,917	(17,000)
(Increase)/decrease in inventories	157,671	46,968	119,478	46,968
Increase/(decrease) in unearned income	57,516	(66,836)	57,516	(66,836)
Increase/(decrease) in trade creditors	420,090	67,181	382,916	81,755
Increase/(decrease) in provision for employee benefits	26,566	25,718	26,869	25,718
Net cash flows from operating activities	(2,693,678)	(2,676,627)	(2,651,656)	(2,274,460)

	Consolidated 2005 $	Consolidated 2004 $

25 EMPLOYEE BENEFITS

The company contributes to a defined contribution Superannuation fund and makes contributions on behalf of employees at the rate of 9%.

26 SEGMENT REPORTING

The company operates in one industry but in various geographical segments being Australia, United Kingdom, Italy and United States. Segment revenue below is bylocation of customers.

	2005 $	2004 $
Segment Revenue:		
- Australia	498,774	349,247
- United Kingdom	-	-
- United States of America	22,069	82,978
- Italy	-	16,395
Total Revenue	520,843	448,620
Segment Results:		
- Australia	(4,657,419)	(3,803,249)
- United Kingdom	(194,569)	(194,626)
- United States of America	(120,718)	(143,247)
Net Loss	(4,972,706)	(4,141,122)
Segment Assets:		
- Australia	5,485,907	7,701,075
- United Kingdom	10,580	10,235
- United States of America	10,762	24,938
Total Assets	5,507,249	7,736,248
Segment Liabilities:		
- Australia	2,771,217	2,213,798
- United Kingdom	918	2,211
- United States of America	4,944	3,946
Total Liabilities	2,777,079	2,219,955

	Consolidated		The Company	
	2005	2004	2005	2004
	$	$	$	$
27 EARNINGS PER SHARE (EPS)				
Basic earnings per share (cents per share)	(2.0)	(2.0)		
Weighted average number of ordinary shares used in the calculation of basic EPS	245,755,960	205,110,342		
28 NET TANGIBLE ASSET BACKING				
Net tangible asset backing per ordinary security (cents	(0.55)	(0.16)		

29 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.

30 FINANCIAL INSTRUMENTS

(a) Derivative Financial Instruments

The economic entity currently has no derivative financial instruments.

(b) Interest Rate Risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rates on classes of financial liabilities, is as follows:

	Weighted Average Effective Interest Rate	Variable Interest Rate $	Fixed Interest Rate Maturing Within 1 Year $	1 to 5 Years $	More than 5 Years $	Non Interest Bearing $	Total $
2005 Financial Assets							
Cash on hand	4.5%	216,432	-	-	-	-	216,432
Receivables	N/A	-	-	-	-	579,332	579,332
Prepayments	N/A	-	-	-	-	171,323	171,323
Total Financial Assets		216,432	-	-	-	750,655	967,087
Unearned Income	9%	-	-	-	-	84,320	84,320
Creditors	N/A	-	-	-	-	1,012,138	1,012,138
Lease Liability	7.95%	-	121,552	44,059	-	-	165,611
Borrowing- unsecured	4.75%	-	862,859	-	-	-	862,859
Government R & D	N/A						
Start Loan	3%	548,742	-	-	-	-	548,742
Secured Loans	7.95%	-	27,838	-	-	-	27,838
Line of Credit (Unsecured)	9%	-	-	-	-	-	-
Employee Entitlements	N/A	-	-	-	-	75,571	75,571
Total Financial Liabilities		548,742	1,012,249	44,059	-	1,172,029	2,777,079

30 FINANCIAL INSTRUMENTS (Continued)

Comparative information for the year ended 30 June 2004:

	Weighted Average Effective Interest Rate	Floating Interest Rate $	Fixed Interest Rate Maturing Within 1 Year $	Fixed Interest Rate Maturing 1 to 5 Years $	More than 5 Years $	Non Interest Bearing $	Total $
Cash on hand	4.5%	341,800	-	-	-	-	341,800
Receivables	N/A	-	-	-	-	187,407	187,407
Prepayments	N/A	-	-	-	-	434,240	434,240
Total Financial Assets		341,800	-	-	-	621,647	963,447
Unearned Income	9%	-	-	-	-	26,804	26,804
Creditors	N/A	-	-	-	-	592,048	592,048
Lease Liability	7.95%	-	164,020	80,803	-	-	244,823
Borrowing- unsecured	N/A	-	-	-	-	391,304	391,304
Government R & D Start Loan	3%	582,060	-	-	-	-	582,060
Secured Loans	7.95%	-	-	49,506	-	-	49,506
Line of Credit (Unsecured)	9%	284,405	-	-	-	-	284,405
Employee Entitlements	N/A	-	-	-	-	49,005	49,005
Total Financial Liabilities		866,465	164,020	130,309	-	1,059,161	2,219,955

(c) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statements.

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

The maximum exposure to credit risk, excluding the value of any collateral or other security at the balance date, to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the Statement of Financial Position and notes to the financial statements.

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by it.

30 FINANCIAL INSTRUMENTS (Continued)

(d) Net Fair Values

Methods and assumptions used in determining net fair value:

For assets and other liabilities, the net fair value approximates their carrying values. No financial assets and financial liabilities are readily traded on organised markets in standardised form, other than listed investments. The consolidated entity has no financial assets where the carrying amount exceeds net fair values at balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to and forming part of the financial statements.

(e) Financing Arrangements

In October 2004, a 'line of credit' facility ($1,000,000) was established by the company with Director Dr. A. Shell. At the date of this report, the draw down on this facility was nil. The facility exprise on 30 June 2006 but may be renewed subject to the mutual consent of the parties.

	Consolidated		The Company	
	2005	2004	2005	2004
	$	$	$	$

31 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.

Belgravia Telecom Limited has proposed the takeover of Medpri Limited. The takeover includes exclusive distribution and certain intellectual property owned my Medical Monitors Limited, which is licensed by Medpri Limited. The takeover is by way of issue of 61,425,000 fully paid ordinary shares in Belgravia Telecom Limited. The transaction will be subject to approval by Medical Monitors Limited shareholders through an EGM.

MEDICAL MONITORS LIMITED
ACN 009 161 522
AND CONTROLLED ENTITIES

FOR THE YEAR ENDED 30 JUNE 2005

DIRECTORS' DECLARATION

In the opinion of the Directors of Medical Monitors Limited ("the Company"):

(a) the financial statements and notes, set out on pages 14 to 42, are in accordance with the Corporations Act 2001, including:

(i). giving a true and fair view of the financial position of the Company and Consolidated Entity as at 30 June, 2005, and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

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

(b) the directors have been given the declaration required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and the Chief Financial Officer wherein the Chief Executive Officer and Chief Finance Officer have each declared that:

(i). the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

(ii). the financial statements and notes for the financial year comply with the Accounting Standards; and

(iii). the financial statements and notes for the financial year give a true and fair view.

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Dr Allan Shell
Managing Director

30 September 2005

KPMG

Independent audit report to the members of Medical Monitors Limited

Scope

We have audited the financial report of Medical Monitors Limited for the financial year ended 30 June 2005, consisting of the statements of financial performance, statements of financial position, statements of cash flows, accompanying notes 1 to 30, and the directors' declaration. The financial report includes the consolidated financial statements of the consolidated entity, comprising the Company and the entities it controlled at the end of the year or from time to time during the financial year. The Company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

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

a) the Corporations Act 2001, including:

   i. giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2005 and of their performance for the financial year ended on that date; and

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

b) other mandatory professional reporting requirements in Australia.

KPMG

Inherent uncertainty regarding continuation as a going concern

Without qualification to the opinion expressed above, attention is drawn to the following matter.

As a result of matters described by the Directors in Note 1(a), there is inherent uncertainty surrounding the ability of the Company and the consolidated entity to continue as a going concern and therefore realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

Should the Company and the consolidated entity be unable to achieve the objectives referred to in Note 1(a), the Company and the consolidated entity may not be able to realise the full value of their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

KPMG

J W Wigglesworth
Partner

Place: Sydney

Date: 30 September 2005

MEDICAL MONITORS LIMITED
ACN 009 161 522
ADDITIONAL INFORMATION REQUIRED FOR LISTED COMPANIES

FOR THE YEAR ENDED 30 JUNE 2005

This information has been collated from the Company's registry at Computershare Investor Services, Perth, and is included in accordance with the listing requirements of the Australian Stock Exchange Limited (the ASX).

1. SHAREHOLDING AS AT 31 AUGUST 2005

(a) Distribution of Shareholders

Size Of Holding	Number Of Holders	Shares Held
1 – 1,000	48	27,553
1,001 – 5,000	277	884,426
5,001 – 10,000	430	3,554,895
10,001 – 100,000	1,074	38,963,535
100,001 – 9,999,999,999	329	257,063,115
	2,158	300,493,524

There were 937 shareholders who held less than a marketable parcel.

(b) Twenty largest shareholders

Shareholder	Number of Ordinary Fully Paid Shares Held	% Interest
Yarandi Investments Pty Limited	22,317,132	7.43
And Technologies Pty Ltd	18,100,829	6.02
Harry Louis Platt	12.881.195	4.29
Allan Michael Shell	12,775,000	4.25
Drawgrove Pty Ltd	7,570,538	2.52
Nouse Pty Ltd	6,675,926	2.22
Hillridge Pty Ltd	6,631,250	2.21
Kaitek International Pty Ltd	5,224,784	1.74
Morgan Tomas Maxwell	5,024,784	1.67
Boomerang Capital Pty Ltd	4,500,000	1.50
Wabana Holdings Pty Ltd	4,395,000	1.46
Chriswall Holdings Pty Ltd	4,218,750	1.40
Hill Ridge Pty Ltd	3,575,657	1.19
Mr Benjamin Harkham	3,500,000	1.16
Dr Heinrich Weinstein	3,198,770	1.06
ANZ Nominees Ltd	3,133,778	1.04
Mr David Likht	2,856,816	0.95
Bannaby Investments Pty Ltd	2,812,500	0.94
Cannavo Investments Pty Ltd	2,672,252	0.89
Mr Eugene Miglas	2,650,000	0.88
	134,714,961	4.82

2. OPTIONHOLDINGS AS AT 31 AUGUST 2005

All options expired on 30 June 2005.

3. VOTING RIGHTS

(a) At meetings of members each member entitled to vote can vote in person by proxy or attorney or, in the case of a member which is a body corporate, by a representative duly authorised.

(b) On a show of hands every member entitled to vote can be present in person or by proxy or attorney or a representative duly authorised shall have one (1) vote for each fully paid share of which he is a holder.

(c) On a poll every member entitled to vote and be present in person or by proxy or attorney or representative duly authorised shall have one (1) vote for each fully paid share of which he is a holder.

4. AUDIT COMMITTEE

At the reporting date, an audit committee of the Board of Directors exists and comprises three non-executive directors.

5. RETIREMENT BENEFITS

The Company and its subsidiaries have no contingent liability for termination benefits under service agreements with Directors and persons who take part in the management of the Company as at balance date.

6. SECURITIES SUBJECT TO ESCROW

As at the report date, there were no issued securities subject to escrow.