BIOMETRICS LIMITED
ABN 69 104 113 760
TO BE RENAMED
PULSE HEALTH LIMITED
(Subject to approval)

NOTICE OF GENERAL MEETING

TIME: 10.00am (EST)

DATE: 15 June 2007

PLACE: Suite 1006 Milsons Landing
Level 10
6a Glen Street
MILSONS POINT NSW 2061

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (02) 9419 2966.

CONTENTS PAGE

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders of Biometrics Limited which this Notice of Meeting relates to will be held at 10.00am (EST), 15 June 2007 at:

Suite 1006 Milsons Landing
Level 10
6a Glen Street
MILSONS POINT NSW 2061

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of Meeting as soon as possible and:

(a) send or deliver the proxy form to Biometrics Limited, c/- Franks & Associates Pty Ltd, Suite 206 The Bentleigh, 1 Katherine Street, Chatswood, New South Wales 2067;

(b) send the proxy form by facsimile to the Company on facsimile number (02) 9419 2944; or

(c) deliver the proxy form to Biometrics Limited, Suite 1006 Milsons Landing, Level 10, 6a Glen Street, MILSONS POINT NSW 2061

so that it is received not later than 10.00am (EST), 13 June 2007.

Proxy forms received later than this time will be invalid.

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders of Biometrics Limited will be held at the offices of Biometrics Limited, Suite 1006 Milsons Landing, Level 10, 6a Glen Street, Milsons Point NSW 2061 at 10.00am (EST) on 15 June 2007.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company on 13 June 2007 at 10.00am (EST).

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

BUSINESS

RESOLUTION 1 – CHANGE IN NATURE AND SCALE OF ACTIVITIES

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, subject to the passing of Resolutions 2, 3 and 4, for the purposes of Listing Rule 11.1 and for all other purposes, approval is given for the Company to make a significant change in the nature and scale of its activities as described in the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast on this resolution by the Vendors and their associates, and a person who might obtain a benefit, except a benefit solely in the capacity of a security holder if the Resolution is passed, or any associate of those persons.

RESOLUTION 2 – ISSUE OF SHARES AND OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, subject to the passing of Resolutions 1, 3 and 4, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue and allot up to 7,500,000 Shares at an issue price of $0.20 each, with a one for two free attaching Option to raise up to $1,500,000 on the terms set out in the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a security holder, if the Resolution is passed, and any associates of those persons.

RESOLUTION 3 – ISSUE OF BEGA SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, subject to the passing of Resolution 1, 2 and 4, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue and allot 2,500,000 Shares on the terms set out in the Explanatory Statement as consideration for the acquisition of business assets of Bega Hospital."*

Voting Exclusion: The Company will disregard any votes cast on this Resolution by the Vendors, any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a security holder, if the Resolution is passed and any associates of those persons.

RESOLUTION 4 – ISSUE OF CONVERTIBLE NOTES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, subject to the passing of Resolutions 1, 2 and 3, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue and allot up to 10,000,000 Convertible Notes on the terms set out in the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a security holder, if the Resolution is passed, and any associates of those persons.

RESOLUTION 5 – PARTICIPATION OF RELATED PARTY IN ISSUE OF CONVERTIBLE NOTES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, subject to the passing of Resolution 4, for the purposes of Listing Rule 10.11, and for all other purposes, approval is given for Mr Andrew Gregory (a Director of the Company) or his nominee/s to participate in the issue and allotment of Convertible Notes pursuant to Resolution 4 up to a maximum of 2,500,000 Convertible Notes on the term set out in the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast on this resolution by Mr Gregory or his nominee/s and any associate of those persons.

RESOLUTION 6 – CHANGE OF COMPANY NAME

To consider and, if though fit, to pass, with or without amendment, the following resolution as a **special resolution:**

> "*That, subject to the passing of Resolutions 1, 2, 3 and 4, for the purposes of Section 157(1) of the Corporations Act and for all other purposes, the name of the Company be changed to* Pulse Health Limited."

RESOLUTION 7 – ISSUE OF SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, subject to the passing of Resolutions 1, 2, 3, 4 and 6, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue and allot up to 75,000,000 Shares at an issue price of not less than 80% of the average market price of the Shares calculated over the last 5 days on which sales in the Shares were recorded before the date on which the issue is made on the terms set out in the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast on this resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a security holder, if the Resolution is passed and any associates of those persons.

RESOLUTION 8 – ISSUE OF OPTIONS TO A RELATED PARTY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, for the purposes of Section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Directors to issue and allot up to 2,000,000 Options to Mr Peter Mangles or his nominee/s on the terms set out in the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Peter Mangles or his nominee/s and any associate of those persons.

RESOLUTION 9 – REDUCTION OF CAPITAL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, subject to the passing of Resolutions 1,2,3,4 and 6 for the purposes of Section 256C of the Corporations Act and for all other purposes, the Company's issued Share capital be reduced in the following manner:*
>
> *(a) the issued capital of the Company be reduced from $4,619,862 to $881,404;*
>
> *(b) the reduction be made without any Shares being cancelled or any payment to any Shareholders of any paid up share capital; and*
>
> *(c) by applying the resultant amount of cancelled paid up share capital of $3,738,458 in eliminating the same amount in the accumulated losses account of the Company."*

DATED: 4 MAY 2007

BY ORDER OF THE BOARD

MR DAVID FRANKS
COMPANY SECRETARY

Voting Exclusion Note:

Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

EXPLANATORY STATEMENT – PART A

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the General Meeting.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. OVERVIEW OF ACQUISITION

1.1 General

On 24 April 2007, the Company announced that it was seeking to change the activities of the company from its current operations to enter the private health care and hospital market with a commitment to the provision of improved patient care and stakeholder involvement.

The proposed change in activities is to be undertaken by:

(a) the purchase of the business assets of Bega Hospital; and

(b) the purchase of 100% of the share capital of Care Call.

2. SUMMARY OF THE TERMS OF THE ACQUISITION

2.1 Summary of the Terms of the Acquisition

Purchase of the business assets of Bega Hospital

In May 2007, the Company entered into a Purchase Agreement with Bega Valley for the purchase of the business assets of Bega Hospital by the Company (or one of its subsidiaries). The acquisition of the business assets is being purchased as a going concern and includes:

(a) all licenses, business name, intangibles and goodwill associated with the business;

(b) inventory;

(c) plant and equipment;

(d) all continuing contracts required for operation of Bega Hospital, including the lease for the premises; and

(e) employee contracts.

The consideration payable by the Company to Bega Valley pursuant to the Purchase Agreement for the business assets of Bega Hospital is as follows:

(a) 2,500,000 Shares;

(b) $1,000,000 cash; and

(c) assignment of equipment leases in an amount presently estimated at $149,100.

The Purchase Agreement is subject to the following conditions precedent:

(a) the Company satisfying the requirements of ASX in relation to the Acquisition, including but not limited to complying with Chapter 11 of the Listing Rules, and re-complying with Chapters 1 and 2 of the Listing Rules; and

(b) the Company obtaining all necessary shareholder approvals required by the Corporations Act and the Listing Rules to the Acquisition and any other matter requiring shareholder approval.

Purchase of 100% of the shares of Care Call

On 4 April 2007, the Company entered into a heads of agreement with the shareholders of Care Call (**Care Call Shareholders**) for the purchase of 100% of the share capital in Care Call (**Heads of Agreement**). At the completion of the purchase, Care Call will become a 100% owned subsidiary of the Company.

The purchase of the shares comprises the acquisition of the Care on Call business, which is to be purchased as a going concern and includes:

(a) all licenses, business name, intangibles and goodwill associated with the business;

(b) plant and equipment; and

(c) all continuing contracts required for operation of Care on Call.

The consideration payable by the Company to Care Call Shareholders pursuant to the Heads of Agreement is $1,500,000 cash.

The Heads of Agreement is subject to the following conditions precedent:

(a) the Company satisfying the requirements of ASX in relation to the Acquisition, including but not limited to complying with Chapter 11 of the Listing Rules, and re-complying with Chapters 1 and 2 of the Listing Rules; and

(b) the Company obtaining all necessary shareholder approvals required by the Corporations Act and the Listing Rules to the Acquisition and any other matter requiring shareholder approval.

2.2 Capital Structure

The effect on the capital structure of the Company in the event that all Resolutions are approved is set out below:

Ordinary Shares	
Current shares on issue	50,862,501
Shares issued pursuant to Resolution 2	7,500,000
Shares issued pursuant to Resolution 3	2,500,000
	60,862,501
Shares issued pursuant to Resolution 7	75,000,000
TOTAL	**135,862,501**

Options

Options exercisable at $0.20 each on or before 31 December 2007	28,750,000
Options exercisable at $0.20 each on or before 31 March 2009	5,000,000
Total options on issue	33,750,000
Options issued pursuant to Resolution 2.	3,750,000
Options issued pursuant to Resolution 8.	2,000,000
TOTAL	**39,500,000**

Convertible Notes

Current convertible notes on issue	0
Convertible Notes issued pursuant to Resolution 4.	10,000,000
TOTAL	**10,000,000**

2.3 Indicative Timetable

The following is an indicative timetable for completion of the Acquisition:

Event	**Date**
Shares placed in voluntary suspension	Tuesday 3 April 2007
ASX Announcement and release from suspension	Tuesday 24 April 2007
Dispatch Notice of Meeting	Friday 11 May 2007
Lodge Prospectus with ASIC	Friday 18 May 2007
Shares Suspended from trading	Friday 15 June 2007
General Meeting	Friday 15 June 2007
Closing date of Prospectus	Monday 18 June 2007
Issue securities under Prospectus	Wednesday 20 June 2007
Dispatch securities and complete acquisition	Friday 22 June 2007
ASX trading resumes and the Company is re-listed an ASX	Friday 29 June 2007

***** These dates are indicative only and are subject to change.

2.4 ASX Requirements – Reinstatement to ASX

If Shareholders approve Resolution 1, the Company will be required to re-comply with the admission requirements of ASX set out in Chapters 1 and 2 of the Listing Rules.

Chapters 1 and 2 requires that the Company issue a prospectus, comply with spend requirements and satisfy the assets or profit rule test before it can be reinstated to the official list of ASX.

3. HEALTH CARE STRATEGY AND BUSINESS PLAN

3.1 Background of Bega Hospital

Bega Valley Day Surgery was opened on 5 January 1993. It initially operated 2 days per week and treated approximately 950 patients in the first year of operation. There were 6 doctors accredited to the facility during this embryonic phase.

The facility was established by a small group of doctors and business people who considered the area was under-resourced in terms of private surgical services. The Bega Valley Day Surgery was the first of its kind built outside the major metropolitan regions. This attracted significant political support in terms of deliverable health services to regional NSW.

The Day Surgery continued to evolve and increased its operating capacities to five days per week with 25 doctors treating approximately 2,000 patients. In 2001 the facility underwent an addition which provided a 24 hour recovery unit. This allowed patients to stay overnight.

In 2005 the NSW Department of Health approved an extension to the 24 hour capacity to 48 hours which provided overnight accommodation for patients undergoing specific surgical procedures. The hospital continues to be accredited by the Australian Council of Healthcare Standards (ACHS) and maintains provider agreements with all major health funds (see figure 1).

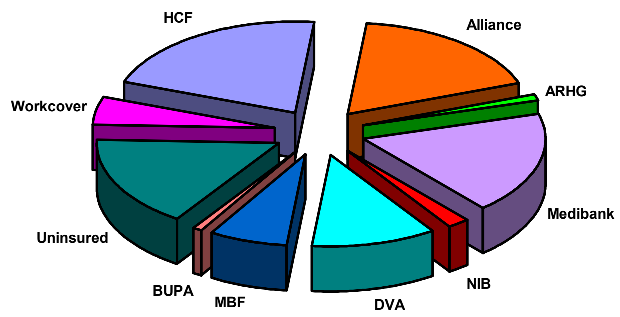


Figure 1 Health Fund distribution Bega Valley Private Hospital 2007 (%)

The Bega Valley Shire is a rapidly growing region of New South Wales with a growth rate higher than that for any of the State's statistical districts identified by the ABS. Between 1997 and 2001 the annual growth rate of the Shire was 1.6%. That was some 41% faster than the NSW state-wide growth rate of 1.13%. Between 2001 and 2002 the ABS's growth estimate for the Bega Valley Shire of 1.5% was 50% higher than the 1% growth figure for the state as a whole.

Over the last decade there has been an increase in the proportion of the population of the Bega Valley Shire living in towns (places with more than 1000 residents) and villages.

The strategic value for acquiring the Bega Valley Private Hospital is to capitalise on this changing demographics and the need to provide efficient, safe and quality hospital services to the region.

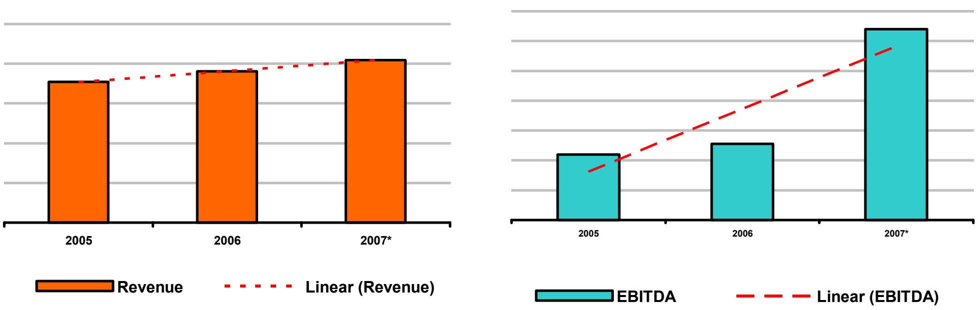
Financial Snapshot

There were no significant changes in financial position during 2005/06 with no major changes or factors, which affected the achievement of the Hospital's operational objectives during 2005/06. Additionally there have been no events subsequent to balance date effecting the operations of the Hospital.

Generally the Bega Valley Private Hospital has observed minor increases in its revenue growth. This is in part due the constraints in its physical configuration and its case mix. EBITDA results have remained stagnant for the past three years.

The total revenue for the 2005/06 year has been strong (for a single theatre day surgery with a reported EBITDA of 6.7%) (Vendor management data, unaudited).

The growth of the business has increased steadily with the current vendor management estimated improved revenue for FY 06/07 and an EBITDA of 15.9%. The FY 06/07 results have witnessed some organic growth and with the appropriate adjustments to the accounting practice will see an improved EBITDA.



[1]

Figure 2 Revenue / EBITDA Bega Valley Private Hospital actuals FY 05/06 (projections FY 06/07)

The potential growth of the facility is reliant on improving access and services to the hospital and the region. Increasing profitability at Bega Valley Private Hospital is reliant on Biometrics' ability to:

(a) expand capacity and services;

(b) improve productivity; and

(c) improve EBIT margins.

[1] 2007* forecast FY 2006-2007 (on YTD figures)

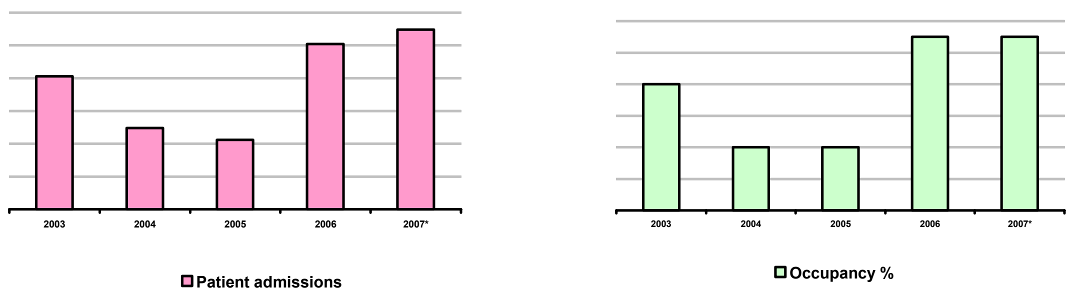


Figure 3 Admissions/Occupancy rates Bega Valley Private Hospital (2007 projected)

Future Opportunities

The future of the Hospital is very positive. Biometrics has identified key strategies to improving occupancy rates and patient admissions. The growth of the Hospital is reliant on improving and enhancing the services available in the region, working with key stakeholders to achieve these changes and providing a high quality service and facility.

Key strategies to improve the Hospitals performance will include:

(a) ensuring strong demand continues;

(b) additional day surgery bed utilisation;

(c) possible expansion of capacity;

(d) continue cost controls;

(e) health fund negotiations leading to price rise; and

(f) focus on more profitable specialties.

3.2 Background of Care on Call

Care on Call is a Canberra based nursing agency providing hospital, home care, nursing, aged care and disability support services in the ACT and surrounding communities.

Care on Call is a nursing agency that is committed to providing the very highest level of care and support. The majority of its management team and call centre staff all have a nursing background and have a strong understanding of the needs of the local region. Its mission is to place the highest priority on finding the most skilled, experienced and knowledgeable support staff, carers and registered nurses for the provision of agency nursing personnel to hospitals, aged care and community services.

Care on Call has been operational since February 2005 when a small group of registered nurses with a strong 'quality' focus took over an existing business. Since that time there has been rapid growth of the company particularly in the area of community care and services to the disability sector.

Care on Call has an excellent record of providing effective nursing services to residents and institutions of the ACT and surrounding areas.

Care on Call works closely and collaboratively on the delivery of services with a wide range of stakeholders including private clients, community organisations, medical and other health professionals and their representative organisations. Care on Call provides services to hospitals, people with a disability, aged citizens, residential aged-care, and community organisations and is considered the 'preferred provider' of support and services for many of these organisations.

With over 280 employees, the Care on Call client base includes a variety of industry stakeholders which includes, but is not limited to:

Community groups and organisations

(a) community Options Carer's Respite;

(b) community Connections;

(c) baptist Home Flexi Care;

(d) regional Community Services;

(e) disability ACT; and

(f) southern Highlands Respite Services.

Disability support work and companionship

(a) to private clients for recreational activities and support;

(b) to children and adults with high care needs; and

(c) available for sleep-overs and 24 hour service.

Facilities

(a) aged Care Nursing Homes and Hostels; and

(b) public Hospitals and Private Hospitals.

Insurance companies

(a) providing rehabilitation, care and support to post trauma people; and

(b) acquired Brain Injury people with high care needs requiring ongoing 24/7 care and support.

Private clients

Some clients choose to pay privately for short-term assistance with needs such as:

(a) post surgery or hospitalisation;

(b) medication administration;

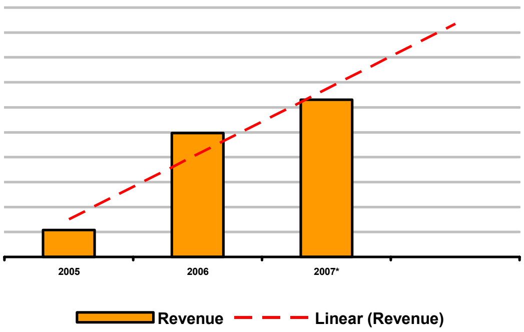
(c) extra care for residents in an aged care facility;

(d) illness to self or primary carer; and

(e) holiday or break for primary carer.

Care on Call operates from Canberra with offices and labour management programs in the ACT and NSW. The previous management of the business provided little in the way of strategic growth for the company. Sales and revenue were reportedly low with a negative EBITDA recorded in 2005 (Vendor management data, unaudited).

The growth of the business has increased significantly with the current vendor through improved management strategies and estimated revenue for FY 06/07 forecast improved sales growth and an EBITDA of 11.8% (Vendor management data, unaudited).



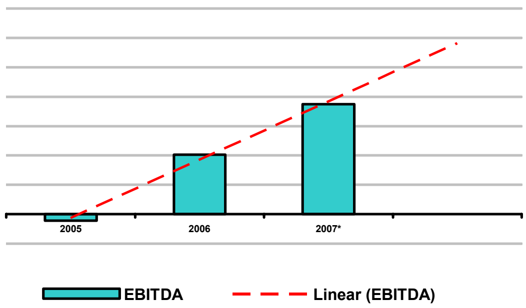


Figure 4 Revenue and EBITDA Care on Call (2007 Projected)

Care on Call places an average of 1,000 interventions/shifts per week. Nursing has been identified by the Australian Institute of Health and Welfare as a group subjected to scarcity of labour. The strategic direction for Biometrics is to utilise Care on Call as the vehicle to increase recruitment for key sectors in which it operates.

Care on Call is a well established nursing agency with a client and employee base that services both the public and private sectors.

The target market is typically difficult to acquire due to the shortage of nurses and skilled healthcare professionals. The increased work opportunities which are available to Care on Call are a potential source of growth.

Care on Call is a nursing agency that provides nurses and health care assistants (or nursing assistants) to people who need the services of healthcare professionals. Nurses are normally engaged by the agency on temporary contracts and make themselves available for hire by hospitals, aged care homes and other providers of care for help during busy periods or to cover for staff absences. Some nurses may be seconded to private clients who choose to receive their nursing care within their own homes.

Care on Call is essentially a staffing agency which provides per diem or locum tenens nursing personnel to hospitals, medical offices and individuals. Around 60% of the annual expenditure on agency nursing staff in Australia is sourced from the public sector, with the remaining 40% generated by the private sector.

As with other staffing agencies, Care on Call requires a large amount of capital to operate, since nurses must be payed by the agency as often as they work, but the hospital or other institution utilising the services of the registry might not pay the agency until several weeks or months after the work has been done.

Nurse staffing is a seasonal business. During holidays, hospitals often have to augment their employees utilising nursing agencies, and thus the need for external staffing services is increased. Furthermore the seasonal effect is felt during summer time vacations, when employees at hospitals take time off and the services of the nurse agency are in greater need.

A comparison of the shift numbers for the past three years (and 06/07 YTD) demonstrates a positive trend in the number of shifts filled during this period and the recognition of Care on Call as a provider of choice.

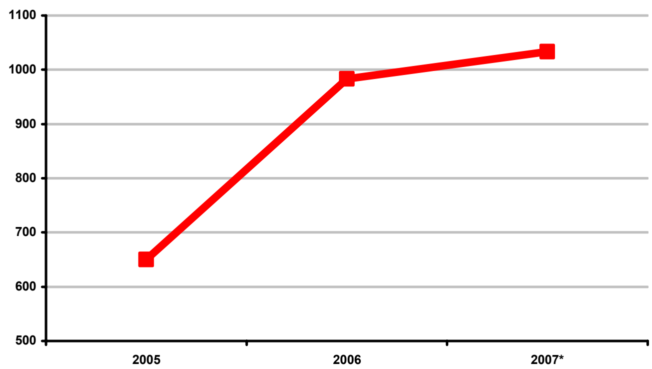


Figure 5 Call rates - Care on Call Average activities/shifts/week

The demands on health and home care services in Australia and around the world are constantly increasing. To meet this challenge, and to facilitate the provision of quality service, Care on Call has brought together some of the most respected and well-known nursing agencies in Australia.

This appears to have been the business development strategy for the group. This has a limiting effect as more and more of the finite resource is eaten up by Care on Call and its immediate competitors.

The opportunity

The nursing shortage has affected job opportunities for nursing across the board. One direction in which would-be nurses can choose to go is that of a temporary or contract nursing position. This type of position has several benefits that appeal to many people wishing to enter or re-enter the field of nursing; however, like any field of work, it has some drawbacks as well.

The obvious benefit to investigating a temporary nursing staffing agency is that the individual nurse does not have to remain working at a particular hospital or clinic where they are placed. Individuals use nurse staffing agencies to be placed in temporary or contract positions that hospitals and clinics have available.

Many of the openings are a result of the nursing shortage, which is caused in part by more seasoned nurses choosing to retire or to relocate or the seasonal migration of staff during holiday periods.

Much like a temporary staffing agency for other types of jobs, the Care on Call group can place qualified registered nurses, enrolled nurses and assistants in nursing in open positions. The nurses may then have the benefit of choosing to remain in that job if possible or to relocate elsewhere.

Temporary or contract nursing has the added benefit of being more flexible than accepting a full-time permanent position at a hospital. This can be a bonus to nurses who may wish to eventually pursue a different branch of nursing.

The increased demand for nursing personnel in all sectors of healthcare provides significant opportunities for Biometrics to provide ongoing services to its own assets (hospitals and aged care facilities) but also to other private and public hospitals, aged care and community based services.

3.3 Care on Call's Competitive Advantage

As previously announced to the ASX, the Company wishes to enter the private health care and hospital market with a commitment to the provision of improved patient care and stakeholder involvement. While the Company is new to the market, the management team and Directors have an extensive record and history in the provision of private health care.

The Company's underpinning goal is to partner with the medical profession to achieve high standards and innovative, customer-focused care. In partnering with doctors and nursing staff, we envisage that we will be able to achieve significant benefits for our patients, our hospitals, and the community in which we operate in.

The Australian Government has announced significant reforms to private health insurance and we will be looking at ways to strengthen our acquisitions, products and services in line with these changes.

The Company recognises the ongoing commentary and debate about the ageing population in Australia and the impact that this will have on rising health care costs. The Company will aim to provide additional services to manage this changing demographic.

The structure of Biometrics will provide for an integrated healthcare package, with key components being private hospitals, aged care and human resources. With the increasing ageing population the delivery of acute care and aged care is blurring. The development of an integrated health model will allow Biometrics the opportunity for stronger growth and development across multiple healthcare streams.

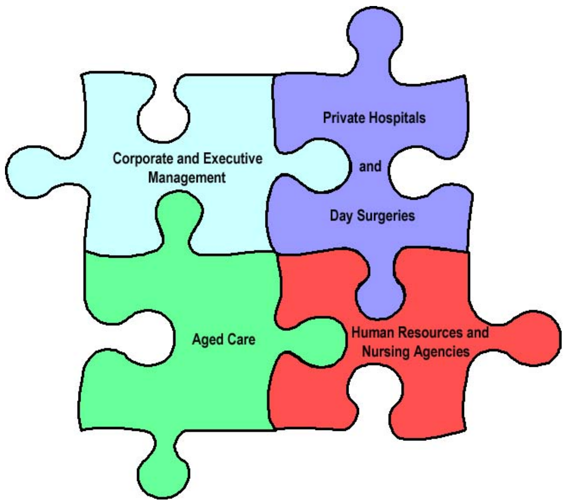


Figure 6 Biometrics integrated Healthcare service model

The commitment from the Company is to form long term-partnerships with health funds, governments and inter-sectoral stakeholders. The outlook for the industry is excellent, with high rates of health fund membership expected to continue.

The Company's business objective is to develop a quality portfolio of strategically located assets, the delivery of patient care and community benefits and the ability for Biometrics to add capacity and services to brownfield hospitals, which takes on lower risks for the group and has the potential to provide higher returns in a shorter period of time.

The operational and inter- related "silos" (hospitals, aged care, human resources) will operate as unique business units, with each "silo" offering services to a specific healthcare sector. The integration comes from strategically managing the silos so they are not totally independent of each other and provide Biometrics with synergies and economies of scale across the group.

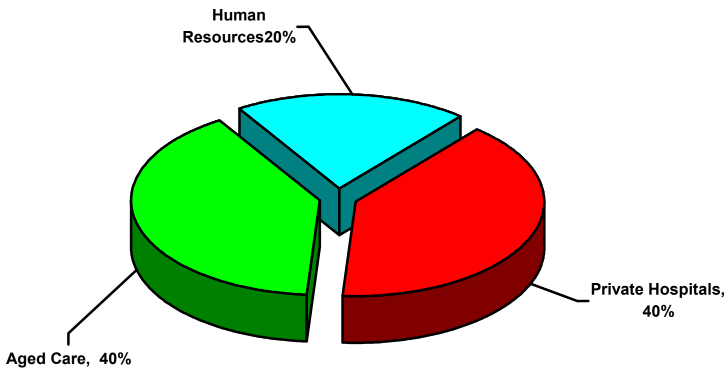


Figure 7 Biometrics business units (Business Plan)

The latest available data from the Australian Institute of Health and Welfare[2] indicates that with around one-third of total hospital beds, the private sector is well

[2] Australian Institute of Health and Welfare, Australian Hospital Statistics 2003-2004.

and truly meeting the objectives of the Australian Government. The data also confirms that the private hospitals sector continues to treat a comparable proportion of older patients to the public sector. For example, in 2003-04,

(a) patients aged 65 and older comprised 35% of patients treated in private hospitals compared to 34% in public hospitals;

(b) patients aged 75 years and older comprised 20% of patients treated in private hospitals compared to 19% in public hospitals; and

(c) patients aged 85 years and older comprised 4.1% of patients treated in private hospitals compared to 4.8% in public hospitals.

Synergies exist across the identified sectors through the provision of robust management and strategic planning, such as services to specific sectors (supplies and consumables) and the provision of labour to the group and to other key clients (public and private).

The Company will continue to search for and acquire quality hospitals, aged care and health care products, which provide strong operational opportunities, excellent occupancy rates due to their geographic location and their ability to offer first class health services.

3.4 Australian Health Care Industry

3.4.1 Industry Structure

Health Care

The Australian private healthcare sector is generally in good condition with strong synergies existing between both the public and private sectors. Despite national public insurance coverage, private health insurance (PHI) covers almost half of the Australian population[3].

This relationship reflects the conviction that a well-functioning health care system should be based on a mix of insurance and provision. Australia's policy makers have encouraged the development of a private insurance delivery model operating in parallel to the public system. PHI is seen as a vehicle for enhancing individuals' choice of provider and care options, and for reducing cost and demand pressures on public hospitals.

In 1997 only 30% of the Australian population was covered by private health insurance. The government of the time implemented three policies to alternatively entice Australians into joining private health funds. These policies were the Private Health Insurance Incentives Scheme, the *Private Health Insurance Incentives Act* 1998 and lifetime community rating.

In the period between 1976 and 1998 the repeatedly changing attitude and opinions in public health care had taken its toll on the demand for private health insurance. With the introduction of Medibank (and Medibank II) private health insurance fell abruptly to 50% and with the introduction of Medicare; PHI rates fell as low as 30%. Insurance coverage currently sits at 45% nationally.[4]

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[3] http://www.phiac.gov.au/statistics/membershipcoverage
[4] http://www.phiac.gov.au/statistics/membershipcoverage

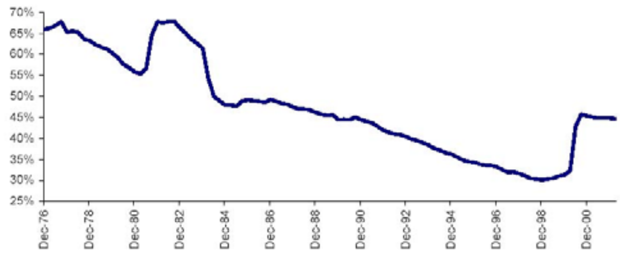

Figure 8 Private Health Insurance coverage 1976 - 2000

The continual decline in PHI led to grave concerns that the systemic strain on the public health sector was being exacerbated by an inheritance of patients leaving the private sector. In a submission to the inquiry into the Private Health Insurance Incentives Bill the then Minister for Health and Ageing, Dr. Michael Wooldridge, stated that:

> *"…the health of the publicly funded health sector depends upon a vital private sector. Having some six million Australians with private health insurance directly pays for around one-third of the costs of hospital care in Australia. If there were no private sector, the extra costs borne by the taxpayer would simply be unsustainable."*

The *Private Health Insurance Incentives Act* 1998 was an amendment to the Private Health Insurance Incentives Scheme, replacing it as of 1 January 1999. It is now more commonly referred to as the 30% Rebate.

This change meant that all individuals eligible for Medicare were eligible for the 30% rebate if they joined a health fund, and gave all those within the Private Health Insurance Incentives Schemes highest income bracket the opportunity to both attract the 30% rebate and avoid the Medicare Levy Surcharge.

Known also as Lifetime Healthcover, this change took effect on 15 July 2000, and was built upon the previous policies in that it did not remove or supersede any of the previous incentives. Clearly the abrupt departure from the predicted downward trend in PHI is due to the introduction of lifetime community rating in July 2000.

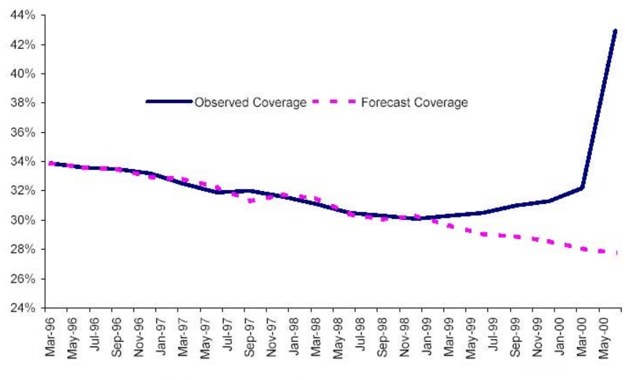

Figure 9 Private health Insurance increases 1996 - 2000

Private Hospitals

In looking at the private hospital industry, it is important to recognise that private hospitals are not identical. The size of hospitals, the services they provide and ownership structures vary considerably.

There are 296 private hospitals in Australia, with 24,866 beds contributing to around 32% of all hospital beds in Australia, compared to 761 public hospitals with 53,327 beds. Private hospitals account for almost 40% of all hospital admitted patients in Australia with Private hospitals performing the majority of surgery in Australia (56%)

In 2003-04, private hospitals admitted 2,641,000 patients, up 30.0% on the previous four years. Public hospitals admitted 4,200,000, up 8.0% on the previous four years. [5]

Opportunities for Expansion

Biometrics is committed to continuing to expand its market opportunities in the private healthcare sector. The trend to corporately group the management of hospitals continues, opening opportunities for expansion through the acquisition of stand alone facilities and the co-location of private hospitals on the campus of public teaching hospitals.

Biometrics has identified a number of such projects that fit its strategic objectives and investment criteria and is currently working towards the acquisition of geographically and strategically located private hospitals. Although competition for these projects has been intense, Biometrics is well positioned to compete for the purchase of these hospitals.

The search for private hospital will continue in NSW and nationally. The encumbrances on both Ramsay Health and Healthscope via the ACCC provide significant opportunities for Biometrics to capitalise on existing products in specific geographical regions.

Outlook

With a committed team of individuals, coupled with extensive sectoral experience, strong leadership and a robust business plan, Biometrics looks at the future optimistically. We look forward to strong growth and profitability over the next 12 months, and the years to come.

The underlying demand for private healthcare services will be driven by three key factors:[6]

(a) population size and demographics;

(b) private health insurance coverage; and

(c) medical technologies.

[5] *Australian Institute of Health and Welfare, Australian Hospital Statistics 2003-2004.*

[6] Patersons Securities Limited "Healthy profits from healthy hospitals" (Nov 2006)

It has been suggested that these factors will contribute to the growth in demand for private healthcare and increase the demand of services from private providers.

Population and Demographics

Australia's estimated resident population (ERP) at June 2006 was 20.6 million, which was an increase of 265,700 since June 2005. This represents an annual growth rate of 1.3%, which was higher than the average annual growth rate (1.2%) for the five years to June 2006.

All states and territories experienced population growth in 2005-06, with the largest increases occurring in Queensland (up 76,400 people), Victoria (up 68,500 people) and New South Wales (up 58,800 people).

In each state and territory, the areas with the largest or fastest population growth tended to be outer suburbs, inner areas of capital cities and certain regional centres, especially along the coast.

This increase in population size will increase the demand for healthcare services in both the aged care and private hospital markets.

Private Health Insurance Cover

The Commonwealth Government developed a series of initiatives designed to not only increase membership of private health insurance but also to secure long-term premium stability. These initiatives (as previously discussed) include the introduction of:

(a) the 30% private health insurance rebate;

(b) lifetime health cover, and

(c) medicare levy surcharge for high-income earners without private health insurance.

Subsequently, private health (hospital) insurance membership in Australia increased nearly 14% from a low of 30.2% in the December quarter 1998 to 44.0% of the Australian population for the December quarter 2002[7].

Furthermore, in the 2 years following the introduction of these incentives there were no requests for premium increase from the funds, however in April 2002 this changed and premiums were increased by an average of 6.9 per cent.

It would appear that these incentive schemes will remain in place and the coverage of private health insurance will not decline in the foreseeable future despite increases in health insurance premiums.[8]

Medical technologies

Advances in medical technology are a main factor driving the trend of increasing health care costs, and industry stakeholders agree that improved evaluation methods are needed to better measure the benefits and risks of new technologies and procedures in order to avoid misallocation of health care dollars**.**

[7] http://www.phiac.gov.au/statistics/membershipcoverage

[8] Patersons Securities Limited Healthy profits from healthy hospitals (Nov 2006)

New technology is only valuable to the extent that it leads to improved patient care. The current 'pay now and benefits might follow' will impact significantly on private healthcare providers and healthcare expenditure. As a result the introduction of new technology is generally subjected to an extensive cost benefit analysis by the end payer and the introduction of any new technology is tied to evidence of clinical benefit, resulting in a value-based health care system.

Aged Care

Over recent decades, population growth and increased life expectancy has had the potential to increase the number of institutionalised older people and people with a disability. Between 1981 and 2005, there was a 67% increase in the number of people aged 65 years and over.

In 2005, 312,000 Australians were aged 85 and over — equivalent to 1.5 per cent of the population. By 2055 this will rise to over 1.6 million people or 6 per cent of the population.

Over the next 20 years, the number of Australians who are 70 and over will grow at a rate 3.3 times faster than the growth of total population.

These changes in Australia's population will be gradual but inexorable. In the 2040s they will result in a much more equal distribution of the population across all age groups, and between genders in the older age groups.[9]

While Australians are living longer, an increasing number of people are affected by chronic disease. It is envisaged that by 2020, an estimated 80 per cent of the total burden of disease will be due to chronic diseases with common risk factors. Already these lifestyle risk factors, such as smoking, excessive drinking, lack of physical exercise and obesity account for 28 per cent of the total burden of disease.

Roughly one in every four older people (i.e. those aged 70 and over) makes some use of aged care. Of those that do, most use care that is provided while they remain in their own home. This is termed community care. At any one time there are about one in ten older people who have left their home to receive care in a residential care facility.

The ageing of the population is caused by two factors: decreasing birth rates and longer life expectancy. Longer life expectancy means that the number of people aged 80 and over will double during the next two decades and triple over the next 50 years to comprise over 10 per cent or 2.9 million people in 2055.[10]

At the turn of the nineteenth century, there were almost 151,000 people aged 65 years and over in Australia, just 4% of Australia's total population. By 2003, this proportion had increased more than three-fold with people aged 65 and over comprising 13% of the population.

In absolute numbers this amounts to over 2.5 million older people in Australia. This trend of an ageing population will continue. Population projections compiled by the Australian Bureau of Statistics suggest that in 30 years time those aged 65 and

[9] Department of Health and Ageing - http://www.aodgp.gov.au/internet/wcms/publishing.nsf/Content/ageing
[10] Department of Health and Ageing - http://www.aodgp.gov.au/internet/wcms/publishing.nsf/Content/ageing

over will represent 21.3% of the population and by 2051 they could represent a quarter of the population or between 6.4 to 6.8 million people.

The population aged 85 years and over will also increase. This group has grown from representing 1.3% of the population in 1999 to 1.5% of the population in 2003. By 2051 it is projected that those aged 85 years and over will represent 5% of the population or 1.3 million people.[11]

Why is Australia Ageing?

There are a number of factors that are combining to produce our ageing population.

The Baby Boom Generation refers to those people born between 1946 and 1965. This post-war period was marked by high levels of immigration and high birth rates which peaked at 3.6 babies per woman in 1961. This cohort of the population will be 65 and 84 years of age by the year 2031.

Since this baby boom there has been a steady decline in fertility. Women have been choosing to have fewer children for many reasons including the introduction of oral contraception, women's increased participation in the paid workforce and changes in the perception of the ideal family size.

The decline in the birth rate means that there are fewer younger people. This combined with the ageing of the baby boomer generation means that the population is ageing.

Due to medical advances and a higher standard of living, Australia's life expectancy has also continued to increase. It is projected that by 2051, life expectancy at birth will have increased by 5-7 years to 81.1 years for males and 86.3 years for females.

In the 12 months to 30 June 2006, the number of people aged 65 years and over in Australia increased by 65,400 people representing a 2.5% increase. The proportion of the population aged 65 years and over increased from 10.5% to 13.3% between 30 June 1986 and 30 June 2006.

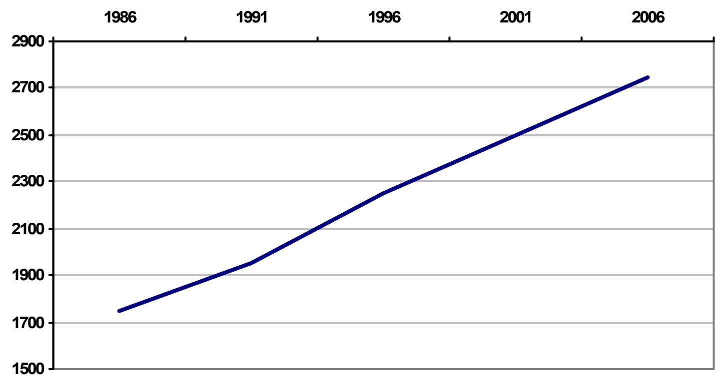

Figure 10 Population aged 65 years or more, Australia - At 30 June 2006 (in millions)

All states and territories experienced growth in their populations aged 65 years and over. The Northern Territory (8.1%), the Australian Capital Territory (3.5%),

[11] http://www.health.gov.au/internet/wcms/publishing.nsf/Content/About+Us-1

Queensland (3.2%) and Western Australia (3.0%) experienced the greatest increase in the numbers of persons aged 65 years and over.[12]

Age Care opportunities

Biometrics aims to acquire facilities that are designed to offer an environment that is pleasant, comfortable and friendly in which the residents can feel safe, secure and relaxed as they would in their own home.

The focus is on enabling residents to make a smooth lifestyle transition, recognising their immediate and long-term needs. Biometrics respects the rights of residents to exercise freedom of choice in all facets of decision-making, along with respecting their right to privacy in all aspects of daily living. We recognize the importance of dignity in appearance and that self-esteem is maintained.

Trained staff will provide high quality holistic care for residents twenty four hours a day, with special resident care plans developed and regularly reviewed to meet individual needs to ensure that an appropriate level (high or low) of care is available.

Types of aged care

There are two broad types of aged care — low level and high level care.

(a) low level care homes (formerly known as hostels) generally provide accommodation and personal care, such as help with dressing and showering, together with occasional nursing care; and

(b) high level care homes (previously known as nursing homes) care for people with a greater degree of frailty, who often need continuous nursing care.

Residential care

Residential aged care is for older people who can no longer live at home. Reasons can include illness, disability, bereavement, an emergency, the needs of their carer, family or friends, or because it is no longer possible to manage at home without help. Australia's aged care system aims to ensure that all older people receive support and quality care when they need it.

Other Services

Australia's health system could have only 60 per cent of the nurses it requires by 2007 unless action is taken urgently. The Australian Council of Deans of Nursing report has sparked warnings from health experts that the shortage could weaken the quality of patient care. The report predicts that an ageing population will exacerbate the current nurse shortage, leaving an Australia-wide shortfall of more than 4,000 nursing graduates by 2006.

The report's author, consultant Barbara Preston, warns that if qualified nurses keep leaving the profession at the current rate, an increase in graduate nurse supply of 25 per cent by 2005 and 50 per cent by 2006 will be required to meet demand.[13]

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[12] http://www.abs.gov.au/Ausstats/abs@.nsf/0e5fa1cc95cd093c4a2568110007852b

[13] The Age, Amanda Dunn May 8 2003

The gravity of the situation varies substantially between states. It is most dire in NSW and the ACT, which will have only 47 per cent of the nurses they need within three years, the report says. Victoria is comparatively well placed, but can still expect to have only a little more than three-quarters of its required nurses.

The growing shortage will affect the quality of care provided to patients, and increase pressure on nurses in the system. As nurses become more stressed (because there are less of them) more nurses will exit the system.

The Preston report also points to the rapid ageing of the nursing workforce, which means the average age for nurses is the early 40s. In 1996, the biggest age group was the 35 to 39 bracket, rising to 40-44 by 2001. By 2008 the average age is expected to be 45-49.

A Government campaign had encouraged more than 3,400 nurses to re-register for work between 2000 and 2002 however the average age of those nurses was 54, which meant the country would soon face large attrition rate and even greater shortages.

Nursing Agency Services

Like many other countries in the world, Australia is grappling with a chronic shortage of registered nurses. All areas of nursing are currently affected by shortages and hospitals and high care residential aged care services are no exception. Selection, recruitment and retention of suitable staff to meet the complex needs of patients in hospitals and residents in aged care facilities are becoming increasingly challenging and must be addressed as a matter of priority.

Health services need sufficient nurses to ensure that patient care can be provided effectively, efficiently and most importantly, safely. However all areas of the health sector suffer shortfalls when positions are vacant, when permanent nurses are ill or on leave or when certain areas of the market experience peak periods of demand (eg winter months).

Managers and administrators of health facilities (hospitals – private and public, aged care, community services etc) must arrange to supplement these needs with agency personnel.

Agency personnel are usually employed on a casual or fixed term arrangement. Agency nurses are an important part of the nursing workforce and they deliver a large proportion of direct patient care. For some health services and facilities the agency nurse is an essential resource to maintaining service delivery.

Despite the need to employ agency nurses, administrators and nurse managers have expressed concerns about the quality of nursing care and the costs associated with the employment of agency nurses.

The fundamental requirements to ensure that agency staff are employed / utilised is to ensure that personnel are qualified, experienced, fit and orientated to the roles and tasks they are asked to perform.

In Australia, nursing agency employment is widespread – the current world-wide nursing shortage has impacted on all areas of nursing which has resulted in nursing deficits everywhere, creating nursing agency job opportunities in locations all across Australia.

Additional nursing places and a HECS cap will not deal properly with the nursing shortage (or the shortages in engineering, maths and science). What is required is a solution that deals with the issues surrounding the discipline, rather than a simplistic dismissal of the problem.

Biometrics has identified the nursing shortage in Australia as a fundamental driver to supporting its business strategy. The transition into the healthcare sector (aged care and hospitals) has recognised a universal link between both sectors – nursing.

The move into human resource management is a strategic one, a plan that will not only support its own functions and business units, but one that will provide additional growth opportunities of its own.

Biometrics believes that the management of (clinical) human resources is not too far from it core business plan and one that will augment the Company's growth and acquisition strategies.

Biometrics recognises the national shortage has manifested for a number of reasons. The increasing attrition rate, the ageing population of the workforce and the increased demands have all impacted on the number of nurses available to hospitals, aged care and community services.

It is envisaged that Biometrics will adopt a number of strategies to support not only its businesses but provide support to both the public and private hospital sectors, aged care and community services through the development of its nursing agency service.

Migrating nursing staff

There are clear and transparent processes in place within nursing in Australia for the recognition of nursing qualifications of nurses educated overseas. These processes have been developed by the various nurse regulatory authorities and are nationally consistent. Nursing is a highly skilled occupation and in Australia the profession is regulated under State and Territory laws.

Migrating nurses must comply with the national competency standards developed by the Australian Nursing Council (the national coordinating body for the State and Territory nurse regulatory authorities) and have a certificate of proficiency in the English language.

Permanent migration is not a solution to the nursing skills shortage in Australia as Australia does not attract sufficient nursing migrants to meet the current nursing workforce shortage. Nurses who choose to migrate to Australia will, as they always have, contribute in a diverse way to the nursing profession in Australia and to the community in general.

Migrants bring knowledge and skills and make a valuable contribution to the continuing development of Australia's multicultural society.

Growing our own

Biometrics through it nursing agency is looking to partner with local and/or regional colleges or universities for courses that could be offered at a healthcare facility either with visiting academic staff or by interactive distance learning modality. The opportunity to train personnel at all levels (AIN, EN and RN) may provide a strong investment for the development and education of all levels of nursing staff.

In summary, Biometrics believes it will have a responsibility for the recruitment and retention of nurses, now and in the future.

3.4.2 Customer Switching in Existing Markets

The health care system is a multidisciplinary system, relying on a range of stakeholder involvement. The delivery of a quality health service is paramount to maintaining a strong labour work force and ensuring patients and residents continue to utilise the respective services.

Customer switching is not unusual in the healthcare business with the major stakeholders (doctors) recognising shortfalls in one provider and shifting their services and patients to another. Doctors have been recognised as the key driver and it is this stakeholder that has the most impact on the viability of a hospital and the healthcare provider.

Additionally health funds play an enormous role in the provision of health services, especially in the private hospital market. Hospital agreements with Health Funds provide the blue print for the provision of services at each site or facility.

Patients and residents demand high quality and efficient services when entering a healthcare or aged care facility. This expectation can lead to a customer shift if services, the environment and/or price are not acceptable.

In a market that is labour scarce it is imperative nurses and support staff remain motivated and stimulated and are encouraged to provide a quality service. If staff become demotivated they can quite easily move to another hospital or aged care service.

3.4.3 Gross Margins in the Health Care Markets

The Biometrics business strategies include several key principles which include:

(a) a focus on micro-management of acquisitions;

(b) investing in brown field hospitals and facilities;

(c) strong financial models; and

(d) pursuing value adding acquisitions.

The dynamics of the private hospital industry remains strong due to the increasing health fund membership and changing demographics. With this in mind and a focus on brownfield acquisitions, investment in core businesses – hospitals and aged care, and the provision of quality healthcare services Biometrics target is achieving a ROI of 13%-15%.

3.5 Board of Directors and Executive Management

Biometrics management and Board are composed of skilled executives that have the industry experience required to derive the maximum return from the business, in terms of both revenue and product development and acquisition. The Company is led by a Managing Director / CEO with a proven track record in hospital and healthcare management.

Board of Directors

Dr Barry Landa, Chairman

Dr Landa graduated 1973 MBBS BSc UNSW and practiced anaesthetics for 35 years, in the public sector, private sector and internationally. He purchased his first private surgical hospital in 1974 and over the next three years purchased an additional two hospitals, three accommodation hotels in Sydney, and some shopping centres. In the late 1980s he was appointed to the Board of Markalinga Pty Ltd, the first publicly listed private hospital and Pathology Company in Australia, which were the beginnings of the Mayne Health Group. Dr Landa has, and is, involved in the design and building of acute health care facilities including primary health care centres, operating theatres, hospitals, day care and rehabilitation facilities. Dr Landa was part of the original working group that established the Private Hospital Association. He has investments in surgical hospitals, accommodation hotels and shopping centres.

Mr Peter Mangles, Managing Director and Chief Executive Officer

Mr. Mangles has an extensive background in Health Administration and clinical practice and has worked at a senior level as Chief Executive Officer and Group General Manager for a number of hospitals and groups in Australia. Mr Mangles is a registered nurse, paramedic with a strong administration and management background.

Mr Mangles' diverse healthcare experience has seen him operate at a national and international capacity. Mr Mangles has managed healthcare assets in Indonesia, Irian Jaya and Papua New Guinea for mining and oil companies which include Freeport McMoran, British Petroleum and Chevron Oil.

Mr. Mangles was previously General Manager of the Macquarie Health Corporation and held a number of senior executive positions with Mayne and HCoA as the Director of Nursing and Chief Executive Officer for Kareena, Macarthur and Prince of Wales Private Hospitals. He has also worked in the not-for-profit sector as Chief Executive Officer and a rescue crewman for the Westpac Rescue Helicopter Service.

Mr Trevor Beazley, Non- Executive Director

Mr Beazley has a Bachelor of Business Degree major in Accounting with over 10 years capital markets experience as a client advisor with a national stockbroking firm. He is currently a Managing Director of Maiden Capital Pty Ltd, a boutique corporate advisory firm and Australian Financial Services Licence holder providing corporate and advisory services to public companies, including capital raising, ASX listings and corporate strategy. Mr Beazley is in charge of investor relations and capital market management for the Company.

Mr Andrew Gregory, Non- Executive Director

Mr. Gregory is an experienced company manager with 35 years' experience in a variety of industries. He has significant experience with ASX listed equities investments and extensive knowledge in both fundamental and financial analysis principles. Mr Gregory operates his own successful company as well as having experience as a corporate treasurer and is a qualified CPA and a qualified company secretary. He has been active over a 20 year period in providing strategic planning input and seed capital investment to support start-up enterprises.

Based in Melbourne, Mr Gregory will represent the Company in the investment and capital markets in Victoria Australia. He is a non-executive director of the listed Coretrack Limited.

Executive Management

The executive management team will be comprised of health care professionals who have seen the development of the market and understand the opportunities, risks and key functional requirements.

The management team will consist of key personnel with a strong focus on marketing and organisational skills which will drive Biometrics growth strategies. Key executives will be conversant in public relations, in promoting a corporate culture, and in pursuing good staff relations.

This combined with additional Board members experienced in the health care and corporate markets within Australia, will establish a unique and formidable team that will be able to implement the business model with minimal risk and optimal returns.

Consultants

The executive management team will be assisted though the engagements of various consulting specialists in the health care industry.

Dr Shane Moran

The Company signed an agreement with Dr Shane Moran to act as Biometrics' Health and Aged care advisor to assist in the Company's proposed investments in the health and aged care sector. This agreement signed in December 2005 is for an initial 12 months and Dr Moran was allotted 5,000,000 Shares as payment on this contract.

Dr. Moran was previously the Chief Executive Officer of his family's health care business Moran Health Care for more than 15 years and was instrumental in turning it into one of the largest health care groups in Australia. Dr. Moran is currently a solicitor and director of S. Moran & Co, a health and corporate law firm, as well as being the Managing Director of Provectus Care Pty Ltd, an aged and health care business and an approved provider pursuant to the Aged Care Act 1997. Through these interests he advises a number of leading players in the health care industry.

4. ADVANTAGES OF THE ACQUISITION

4.1 General

The Acquisition gives the Company a unique opportunity to develop a profitable force in the health care industry in Australia. The strength of the Board, its advisers and management will give the business a sound footing upon which to develop. The increasing demands placed on the public health system, the changing national demographics and the ageing population, improved medical technologies and increased health insurance coverage improves the Company's ability to establish a strong position in the market sector.

4.2 Advantages

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the proposed Acquisition. The Acquisitions:

(a) provides Shareholders with the opportunity to participate in a significant expansion in the operations of the Company;

(b) provides Shareholders with the opportunity to participate in the expansion of the Company without significant cash outlay;

(c) enables the Company to enter into a new market sector and to develop a suitable business capable of substantial scale and major development; and

(d) enables the Company to participate in the development of new opportunities in the health care and related sectors.

5. DISADVANTAGES OF THE ACQUISITION

5.1 General

Shareholders should be aware that an investment in the Company involves risks that may be higher than risks associated with an investment in some other companies. Careful consideration should be given to all matters raised in this Explanatory Statement and the relative risks prior to making the decision on the Resolutions set out in this Notice. You should consider the risk factors described in this Section, together with information contained elsewhere in this Explanatory Statement.

5.2 Disadvantages

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the proposed Acquisition:

(a) the Acquisition will result in the issue of securities which will dilute the current holdings of Shareholders; and

(b) risk factors associated with Bega Hospital and Care on Call businesses, set out below.

5.3 Risk Factors

This proposal requires the ground-up establishment of a new health care industry venture, however it should be noted that this will predominately be completed through the acquisition of existing businesses. A detailed business plan has been prepared including financial modelling of expected outcomes, based on a number of key assumptions.

Risks fall into one of three categories:

(a) factors that may affect the set-up phase, through either cost or timing;

(b) day to day business risks that may affect the cash flow, profitability and returns from the venture once operating; and

(c) strategic risks that may affect the viability of the business over the medium-long term.

Specific areas of risk are discussed in more detail under each of these headings below.

A general risk exists around timing of commencement of activities. The markets in which the Company proposes to capture market share and make the Acquisition are dynamic and any delay to market entry may reduce the availability of suitable acquisitions. In order to maximise the value of this proposition, the Company considers it important to move as quickly as possible to establish operations and continue to acquire suitable businesses.

Set-up Risks

An implementation plan with detailed milestones, deliverables and funding requirements has been prepared. A process is in place to monitor and report on progress against timelines and forecast expenditure during the set-up phase. This allows regular review of the investment proposition at each step and mitigates risk in the event of delays or cost over-runs.

A total of 9 months has been allowed for the set-up phase. This phase covers five main areas of activity:

(a) administrative actions such as hiring staff and setting up a working office;

(b) establishing wholesale supply arrangements, including risk management framework and policies;

(c) obtaining relevant regulatory licences and clearance to operate;

(d) establishing systems and contracts for amalgamation of back office, customer service and billing; and

(e) obtaining working capital facilities.

Office and Administration

Risk associated with the administrative set-up is not considered significant, and has been mitigated by detailed planning and costing. A detailed plan has been prepared, and adequate allowance has been made for various costs including recruitment and IT equipment, the two largest individual admin expense categories. Minimum lead times of 2-3 months have been allowed for staff recruitment.

Wholesale Supply Contracts

Biometrics will seek to obtain a competitive advantage by selecting and utilising an optimum number of performance driven suppliers. Success in the Supply Chain will be based on:

(a) correct supplier selection;

(b) demonstrated process capability and control;

(c) effective planning and communication;

(d) mutual performance expectations and measures;

(e) effective corrective and preventative action processes;

(f) development of long term working partnerships; and

(g) continual improvement in performance and processes.

Biometrics will monitor each supplier's performance on an ongoing basis. Strategic suppliers will be continuously monitored against an agreed set of Key Performance Indicators (KPI's). These KPIs will provide a top-level indicator in terms of supply chain performance. Performance Indicators (PI) will provide more detailed management information as appropriate to each Hospital or Aged Care facility. Biometrics' LKPI's will include:

- **Delivery –** a measure of suppliers' performance against agreed delivery schedules.
- **Quality –** a measure of suppliers' performance in providing Biometrics with Right First Time quality products and services.
- **Cost –** a measure of Biometrics' and suppliers' performance in achieving agreed cost targets.

Benchmarking suppliers' performance against external metrics, identifying market trends and developments will be an integral part of the Biometrics Supply Management strategy.

The experience and expertise of the Directors and executive management of the Company in negotiating supply contracts in the Australian health care market provides the greatest mitigant to this risk. Nonetheless, establishing initial terms under binding term sheet, Memorandum of Understanding or other pre-contract arrangement is a significant risk during the set-up phase.

Licences and Regulatory

Hospitals and Day Procedure Centres

Licensing and approval of private hospitals is the responsibility of the State and Territory governments. The Commonwealth government plays a significant role in the regulation of private hospitals through various provisions of the National Health Act 1953 and the Health Insurance Act 1973. One important aspect of this regulation is the requirement that a hospital be 'declared' by the Commonwealth before the hospital can receive health insurance benefits.

State and territory governments are responsible for licensing or registering private hospitals (including free-standing day hospital facilities), medical practitioners and other health professionals. Each state and territory has legislation relevant to the operation of public hospitals.

The Australian Government's regulatory roles include overseeing the safety and quality of pharmaceutical and therapeutic goods and appliances, managing international quarantine arrangements, ensuring an adequate and safe supply of blood products, and regulating the private health insurance industry.

Although they are not seen as part of the health system, many other government and non-government organisations play a role because of their influence on health. Departments of transport and the environment, liquor licensing authorities and the media are just a few examples.

Private hospitals (where patients are accommodated overnight) must meet general licensing standards and any associated licensing standards that apply to each class of facility and/or specialist service.

Day procedure centres (patients are admitted and discharged on the same day) must meet the regulatory standards applicable to the prescribed class of the facility. There are currently 6 prescribed classes of day procedure centres (surgical, endoscopic, dialysis, cytotoxic, cardiac catheterisation, family care). Licensed day procedure centres must be approved to admit child patients less than 14 years of age.

The relevant State or Territory Government Department takes a quality improvement approach and works with the owners and managers of the facilities to ensure that the standards of safety, care and quality of life for patients are met. The Director-General can cancel a licence if there is serious non-compliance with the Act and Regulations.

Aged Care

The *Aged Care Act 1997* sets out a comprehensive regime of regulatory requirements for residential and other forms of aged care. The Commonwealth Legislative Framework provides a commentary on Commonwealth regulation under the Act and in particular the accreditation and certification requirements, necessary preconditions to receipt of subsidies under the Act.

It is in the areas of accreditation and certification that facilities might be most affected by duplicate or inconsistent requirements.

The Act sets out detailed regulatory requirements, covering such matters as approval of providers and their responsibilities, the allocation of places, approval of care recipients, classification of care recipients, the provision of extra service places, certification of residential care services, residential and other care subsidies, accommodation payments, the protection of personal information and accountability and sanctions.

The obtaining and maintaining of required approvals and licences is a key risk in the underlying business plan.

Operating Risks

Once the business is through the initial set-up phase and actively amalgamated business acquisitions, the risk profile changes to resemble an operating business. Whilst health care businesses face a number of risks, the majority of these are effectively mitigated through appropriate planning and foresight.

Acceptance by Physicians

The success of the Company's products (hospitals and aged care facilities) will depend on acceptance by medical professionals. Even if the quality, safety and efficacy of the Company's product is established, physicians may elect not to use it for a number of reasons, including loyalty to current providers, geographical locations, restrictions on operating times and access to the facilities and/or alternative service providers.

Also, economic, psychological, ethical and other concerns may limit general acceptance of Biometrics facilities and products. Any of these events may have an adverse impact on the financial performance and/or financial position of the Company.

The business focus for Biometrics is on working with the key stakeholders (doctors) to build a safe and efficient alternate service nationally.

Acceptance by other Stakeholders

The success of the Company's products is also dependent on a number of stakeholders which include physicians, patients, visitors, health funds and suppliers. These extrinsic stakeholders will examine Biometrics operations of private hospitals and aged care service and assess them on their quality, safety, efficiency and culture.

Additionally internal stakeholders such as nursing staff and hotel and hospitality staff will all judge the Company on the culture and working environment that it delivers.

Biometrics will mitigate this risk with a collaborative business model aimed towards developing a strong corporate culture.

Established competitors

The private hospital industry in Australia has a variety of operators both in respect to size and business type; not-for-profit entities, single hospital operators, private health insurance funds and large publicly listed companies such as Ramsay Health Care Ltd and Healthscope Ltd.

In the 2004/05 financial year, there were 532 private hospitals operating in Australia.[14] As a new player on the healthcare market Biometrics must enter into a well established sector with two dominant suppliers. The key objective for Biometrics is to identify quality established products and evolve positive working relationships with all stakeholder groups.

The response of competitors to Biometrics commencing operations and acquiring businesses is a risk of fulfilling the business plan.

Acquisition strategies

Time and resources could be wasted in following up fruitless leads that provide little growth potential for the Company's expansion program. The approach to be used by Biometrics is to focus on robust going concerns or established 'brownfield' sites.

Product performance

Another significant risk is if the Biometrics products fail to perform or do not perform as intended due to a lack of community and stake holder support, loss of accreditation and licensing, or the facilities do not provide the level of safety and efficacy required to justify the regulatory authorities approving the operations of a hospital or aged care facility.

Biometrics implementation strategy is to work with key stakeholders during the acquisition phase and into the future. The ongoing management of the facilities

[14] Australian Bureau of Statistics, Private Hospitals Australia 2004-05

with a strong focus on labour management cost control and supply agreements will provide the underpinning strategies to leverage a profitable business case.

A strong focus on accreditation and the provision of quality services will mitigate this risk, aiming for a safe and efficient environment for all stakeholders to work and operate in and ensure ongoing licence and accreditation renewals.

Incumbent Pricing

A hospital may enter into an agreement with a hospital or a day hospital facility that includes provisions to the effect that the hospital or day hospital facility agrees to accept payment by the organisation in satisfaction of any amount that would, apart from the agreement, be owed to the hospital or day hospital facility, in relation to an episode of hospital treatment, by an eligible contributor.

Section 73BD of the National Health Act 1953 allows funds to enter into contractual agreements, known as Hospital Purchaser-Provider Agreements (HPPAs), with hospitals or day hospital facilities relating to the provision of hospital treatment. HPPAs may eliminate out-of-pocket hospital expenses or permit a predetermined patient co-payment.

The essential elements which all HPPAs must incorporate are set out in Section 73BD of the Act, and all these elements must be met in order for the HPPA to be lawful.

It is the intention of Biometrics to work with the various health funds and establish long term relationships with the funds to establish robust pricing models for all hospitals and day procedure units.

Competitive Risks

The risks noted previously outline price competition as a risk, including:

(a) competition from other new entrants; mitigated by experience of the Company management;

(b) competition from existing players; and

(c) competition from alternative services.

Political Risks

The current State of politics in Australia would suggest that neither major political party would move too far from the current private / public system. The current system reflects a well-functioning health care system based on a mix of insurance and provision with strong synergies between both the private and public sectors.

The Australian Government has encouraged the development of a private insurance and delivery model operating in parallel to the public system, it is envisaged that this model will continue and be promoted in the coming years.

However any change in current political views or policies in the health care field would have an effect on all of its participants.

Regulatory Risks

Other regulatory risks are primarily those of compliance with license conditions and accreditation in each State. All hospitals must remain licenced to carry out specific procedures and services. Licensing is managed at a State level and is linked to accreditation and quality improvement outcomes.

Economic Risks

With health care being an essential service, regardless of the state of the economy, economic risks are not seen as high.

Technology Risks

Technology plays an integral part in the delivery of services to hospitals and day procedure centres. Clinical and Information Technology **(IT)** are key components of "making hospitals run". Up-to-date life saving equipment is essential to the delivery of clinical care and positive clinical outcomes.

IT also plays a major role in the efficiency of managing and operating a hospital or day centre. Powerful and comprehensive IT support and technology is essential to ensure the efficient management of the facility. Streamlined admission and billing systems are vital to the delivery of "front office" customer services.

The partnering with key suppliers of clinical and IT underpins Biometrics business 2 business strategy. By selecting and utilising an optimum number of performance driven suppliers, technology and supply will be greatly enhanced across the group.

6. ALTERNATE STRATEGY

If the Acquisition is not approved, the Board will continue with the Company's existing business and will review other projects with a view to identifying other potential acquisitions that the Directors consider to be in the best interests of Shareholders.

7. DIRECTORS' RECOMMENDATIONS

The Directors do not have any material personal interest in the outcome of the Resolutions other than their interests arising solely in their capacity as Shareholders of the Company or interests expressly declared in this Explanatory Statement. The Directors' security holdings in the Company are set out in the following table:

Director	**Shares**	**Options**
Dr Barry Landa	2,250,000	2,000,000
Mr Peter Mangles	0	0 *
Mr Trevor Beazley	700,000	2,075,000
Mr Andrew Gregory	1,350,000	1,500,000

* excludes proposed Resolution to issue 2,000,000 Options.

Each of the Directors intends to vote in favour of all of the Resolutions, subject to any voting exclusions for particular Resolutions.

Based on the information available, including that contained in this Explanatory Statement, each of the Directors considers that the proposed Acquisition is in the best interests of the Company and recommends that Shareholders vote in favour of the Resolutions, subject to any voting exclusions for particular Resolutions. The Directors have approved the proposal to put the Resolutions to Shareholders and separately approved the information contained in this Explanatory Statement.

1 RESOLUTION 1 – CHANGE IN NATURE AND SCALE OF ACTIVITIES

The proposed Acquisition, as detailed in Part A of this Explanatory Statement, will result in a change in the nature and scale of the Company's activities. Listing Rule 11.1 requires the Company to obtain Shareholder approval for this type of transaction.

1.1 Listing Rules

Listing Rule 11.1 provides that, in summary, a listed company that proposes to make a significant change to the nature or scale of its activities must provide full details to ASX as soon as practicable and comply with the following:

(a) the company must provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;

(b) if ASX requires, the company must obtain the approval of holders of its ordinary securities to the change; and

(c) if ASX requires, the company must meet the requirements in Chapters 1 and 2 of the Listing Rules as if the Company were applying for admission to the official list of ASX,

Information required by Section 1.1(a) above is contained in part A of this Explanatory Statement.

If Shareholders approve the proposed Acquisition, the Company will be required to re-comply with the admission requirements of ASX set out in Chapters 1 and 2 of Listing Rules.

2 RESOLUTION 2 – ISSUE OF SHARES AND OPTIONS

Resolution 2 seeks Shareholder approval for the issue and allotment of up to 7,500,000 Shares at an issue price of $0.20 each with a one for two free attaching Option to raise up to $1,500,000 (**Placement**).

Shareholder approval is required pursuant to Listing Rule 7.1.

2.1 Listing Rules

Listing Rule 7.1 prohibits a listed company from issuing, during any 12 month period, any equity securities or other securities with rights of conversion to equity (including an Option) if the number of those securities exceeds 15% of its issued capital, unless an exception applies or the issue has the prior approval of Shareholders in general meeting.

The Company is seeking shareholder approval for the proposed Placement under Resolution 2. The effect of this Resolution will be to permit the Directors to issue the Placement securities at any time within 3 months of the General Meeting (or a longer period if approved by ASX) without impacting the Company's 15% capacity.

Listing Rule 7.3 requires the following information be provided to Shareholders when seeking approval for the purposes of Listing Rule 7.1:

(a) the maximum number of securities to be issued under the Placement is 7,500,000 Shares and 3,750,000 Options;

(b) the Placement securities will be issued no later than three (3) months after the date of the General Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that allotment will occur on the same date;

(c) the Shares will be issued at $0.20 each;

(d) the Placement securities will be offered to sophisticated investors to be determined by Directors, but these persons will not be related parties of the Company;

(e) the Shares will rank equally with the Company's then issued Shares;

(f) no consideration will be payable for the issue of the Options;

(g) the Options are exercisable at $0.20 each on or before 31 October 2008;

(h) other terms of the Options are set out in Schedule 1;

(i) the Company intends to use the funds raised from the Placement for:

  (i) cash consideration for the acquisition of the business assets of Bega Hospital; and

  (ii) the remainder, including funds raised from the exercise of Options, applied to working capital requirements of the Company.

3 RESOLUTION 3 – ISSUE OF BEGA SHARES

The consideration for the acquisition of the business assets of Bega Hospital from Bega Valley under the Purchase Agreement is to be satisfied by $1,000,000 in cash and the issue of 2,500,000 Shares.

Accordingly, the Company is seeking approval under Listing Rule 7.1 for the issue and allotment of 2,500,000 Shares as consideration for the acquisition of business assets of Bega Hospital (**Bega Shares**).

3.1 Listing Rules

A summary of Listing Rule 7.1 is provided in Part B, Section 2.1 of this Explanatory Statement. Listing Rule 7.3 requires the following information be provided to Shareholders:

(a) the maximum number of Bega Shares to be issued is 2,500,000;

(b) the Bega Shares will be issued at $0.20 each;

(c) the Bega Shares will be issued on settlement of the acquisition of the business assets of Bega Hospital which will be within 2 business days after the satisfaction of the conditions under the Purchase Agreement. In any event, this will not be later than three (3) months after the date of the General Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that allotment will occur on the same date;

(d) the Bega Shares will be issued to:

ROBERT HARTEMINK	250,000
BERNADETTE HOLZ	250,000
JENNIFER ANN LEE	200,000
WENDY JOY WOODS	33,333
ZAMOALA-NELSON STAFF SUPER	66,667
GREER BLAIN WATERS	33,333
JENKINS INVESTMENT TRUST	33,333
ELIZABETH GOWING	66,667
KERRYL McKEE	133,333
ESTATE OF SHIRLEY JOYCE HANNAN	33,333
BERNADETTE HOLZ	66,667
JUDITH THOMSON	133,333
ANNE PYPER MACKAY	66,667
ALIMRAN P/L - MAXTED FAMILY TRUST	100,000
ROSLYN DEN	66,667
KYLIE DUMMER	200,000
LES YEAMAN	33,333
AJ COLLINS SUPER FUND	66,667
ESTATE OF GARETH LONG	200,000
SOOTCHA SUPER FUND	33,333
ROBERT HARTEMINK	433,334
Total	**2,500,000**

(e) the shares will rank equally with the Company's then issued Shares;

(f) the Bega Shares will be issued in accordance with the terms of the Purchase Agreement (refer to Part A, Section 2.1 of this Explanatory Statement for further details); and

(g) no funds will be raised from the issue Bega Shares, as the issue is in consideration for the acquisition of the business assets of Bega Hospital.

4 RESOLUTION 4 – ISSUE OF CONVERTIBLE NOTES

Resolution 4 seeks Shareholder approval for the issue of up to 10,000,000 Convertible Notes to raise up to $2,000,000 (**Convertible Notes**).

Shareholder approval is required pursuant to Listing Rule 7.1.

4.1 Listing Rules

A summary of Listing Rule 7.1 is provided in Part B, Section 2.1 of this Explanatory Statement.

Listing Rule 7.3 requires the following information be provided to Shareholders:

(a) the maximum number of Convertible Notes to be issued is 10,000,000, which are convertible into a maximum of 10,000,000 Shares;

(b) the Convertible Notes are intended to be issued as soon as practicable after the General Meeting and in any event will be issued no later than three (3) months after the date of the General Meeting (or a later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);

(c) the Convertible Notes will be offered to sophisticated investors to be determined by Directors, but these persons will not be related parties of the Company;

(d) the Convertible Notes are a separate class of securities, however any Shares issued upon conversion will rank equally with the Company's then issued Shares;

(e) it is intended that allotment of the Convertible Notes will occur on one date, however the issue of Shares upon conversion will happen at the discretion of the holder of the Convertible Notes provided conversion complies with the terms of Convertible Notes; and

(f) other terms and conditions of the Convertible Notes are contained in Schedule 3 of this Explanatory Statement.

5 RESOLUTION 5 – PARTICIPATION OF RELATED PARTY IN ISSUE OF CONVERTIBLE NOTES

Resolution 5 seeks Shareholder approval for the participation of Andrew Gregory (a Director of the Company) or his nominee/s in the issue of Convertible Notes pursuant to Resolution 4 (**Related Party Convertible Notes**).

It is the view of the Directors that Shareholder approval is not required under Chapter 2E of the Corporations Act as the issue of the Related Party Convertible Notes will come within the arm's length terms exception in Section 210 of the Corporations Act.

Shareholder approval for the issue is required pursuant to Listing Rule 10.11

5.1 Listing Rules

Listing Rule 10.11 provides that a company must not issue securities to a related party without obtaining prior shareholder approval (subject to certain exceptions set out in Listing Rule 10.12).

The directors of a public company are considered a "related party" of the company for the purpose of the Listing Rules under Section 228(2)(a) of the Corporations Act.

Approval pursuant to Listing Rule 7.1 is not required in order to issue the Related Party Convertible Notes as approval is sought under Listing Rule 10.11. Shareholders should note that the issue of Related Party Convertible Notes will not be included in the 15% calculation for the purposes of Listing Rule 7.1.

It is the view of the Directors that the exceptions in Listing Rule 10.12 do not apply in the current circumstances.

Listing Rule 10.13 requires the following information be provided to Shareholders:

(a) the allottee of the Related Party Convertible Notes for the purpose of Resolution 5 is Andrew Gregory (a Director of the Company) or his nominee/s (**Related Party**);

(b) the maximum number of Related Party Convertible Notes to be issued to the Related Party is 2,500,000 to be divided and allotted by the Directors in such proportions as they determine;

(c) the Related Party Convertible Notes will be issued not later than 1 month after the date of this General Meeting (or such later date as permitted by any ASX waiver or modification by the ASX Listing Rules) and it is expected that they will be allotted on one date;

(d) the Related Party Convertible Notes will be issued to the Related Party as part, and on the same terms as, the placement to sophisticated investors pursuant to Resolution 4;

(e) the Related Party Convertible Notes will rank equally with Convertible Notes issued pursuant to Resolution 4; and

(f) other terms and conditions of the Related Party Convertible Notes are contained in Schedule 3 of this Explanatory Statement.

6 RESOLUTION 6 – CHANGE OF COMPANY NAME

Given the proposed change in direction of the Company, the Directors consider it appropriate to change the name of the Company to more accurately reflect its focus on private health care and hospital related services. Accordingly, Shareholder approval is sought to change the Company's name to "Pulse Health Limited".

7 RESOLUTION 7 – ISSUE OF SHARES

Resolution 7 seeks Shareholder approval for the allotment and issue of up to 75,000,000 Shares at an issue price of not less than 80% of the average market price of the Shares calculated over the previous 5 days on which sales in the Shares were recorded before the day on which the issue is made (**Share Placement**).

Shareholder approval is required pursuant to Listing Rule 7.1.

7.1 Listing Rules

A summary of Listing Rule 7.1 is provided in Part B, Section 2.1 of this Explanatory Statement. Listing Rule 7.3 requires the following information be provided to Shareholders:

(a) the maximum number of securities to be issued under the Share Placement is 75,000,000;

(b) the Share Placement securities will be issued no later than three (3) months after the date of the General Meeting (or a longer period if approved by ASX) and it is intended that allotment will occur on the same date;

(c) the Shares will be issued at a price of not less than 80% of the average market price of the Shares calculated over the last 5 days on which sales in the Shares were recorded before the day on which the Share Placement issue is made;

(d) it is intended that the Shares will be issued to persons who agree to sell, or are otherwise involved in the sale of, or agree to fund the acquisition by the Company of, real estate franchises and property management related businesses or rights. The Shares may also be issued to investors determined by the Company in order to fund, or are otherwise involved in, the acquisition of property management businesses or rights;

(e) the Shares will rank equally with the Company's then issued Shares; and

(f) funds raised from the issue of Share Placement securities will be used to assist the Company to acquire health care, retirement living and/or aged care facilities, together with related businesses, rights and associated chattels or to reduce short term finance taken on by the Company in connection with any such acquisition.

8 RESOLUTION 8 – ISSUE OF OPTIONS TO RELATED PARTY

Following the appointment of Mr Peter Mangles as Managing Director and Chief Executive Officer of the Company, the Company entered into an executive services agreement with Mr Mangles (**Agreement**). Pursuant to the Agreement, the Company shall, subject to approval of this Resolution, grant to Mr Mangles 2,000,000 Options on the terms outlined below (**Mangles Options**).

The Board considers that in view of the financial, legal and other responsibilities assumed by directors of public companies, the payment of monetary fees alone is not an adequate reward and does not provide an adequate incentive to enable the Company to attract and retain directors of the requisite level of experience and qualifications. The Board considers that equity participation by way of the grant of Options to the Managing Director is appropriate for these purposes. In addition, the Board considers that the issue of Mangles Options will contribute to the preservation of the Company's cash reserves.

In determining the quantity and terms of the Mangles Options, consideration was given to the experience and role of Mr Mangles, his overall remuneration, the current market price of Shares and the terms of option packages granted to directors of similar standing in comparable companies within the health care sector.

Shareholder approval is required pursuant to Listing Rule 10.11 and Chapter 2E of the Corporations Act.

8.1 Chapter 2E of the Corporations Act

Under Section 208 of the Corporations Act, a public company cannot give a "financial benefit" to a "related party" unless one of the exceptions in Chapter 2E of the Corporations Act applies or Shareholders have, in general meeting, approved the giving of that financial benefit to the related party.

A "financial benefit" is defined in the Corporations Act in broad terms and includes a public company issuing securities. A "related party" of a public company includes a director of the company.

Accordingly, the proposed grant of the Director Options to the Related Party involves the provision of a financial benefit to a related party of the Company.

It is the view of the Directors that the exceptions to Section 208 do not apply in the current circumstances. Accordingly, Shareholder approval is sought to enable the Company to issue the Mangles Options.

8.2 Listing Rules

Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities (including an option) to a related party. Mr Mangles is considered a related party of the Company by virtue of the fact that he is a Director of the Company.

Shareholder approval pursuant to Listing Rule 7.1 is not required in order to issue the Mangles Options as approval is sought under Listing Rule 10.11. Shareholders should note that the issue of Mangles Options will not be included in the 15% calculation for the purposes of Listing Rule 7.1.

8.3 Information for Shareholder

For the purposes of Sections 217 to 227 of the Corporations Act and Listing Rule 10.13, the following information is provided to allow Shareholders to assess the proposed grant of Mangles Options:

(a) the related party that will be allotted the Mangles Options is Mr Mangles;

(b) the maximum number of Mangles Options to be allotted to Mr Mangles is 2,000,000;

(c) the Mangles Options will be granted for nil consideration, accordingly no funds will be raised from the grant of the Mangles Options;

(d) the Mangles Options are exercisable at $0.20 each on or before 31 March 2009;

(e) the Mangles Options will be granted not later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated that the Mangles Options will be issued on one date;

(f) other terms of the Mangles Options are set out in Schedule 2;

(g) funds raised from the exercise of the Mangles Options will be applied to general working capital including advancing the development of the health care businesses;

(h) the purpose of the grant of the Mangles Options is to provide consideration for performance of work, both previously and into the future by Mr Mangles for the Company and to secure the ongoing commitment of Mr Mangles to the continued growth of the Company;

(i) as at the date of this Notice, the annual remuneration (inclusive of superannuation where applicable) payable to Mr Mangles is $184,210;

(j) during the previous financial year, the remuneration paid to Mr Mangles was $0;

(k) Mr Mangles presently has no relevant interest in securities of the Company;

(l) other than as set out above, Mr Mangles receives no other emoluments from the Company;

(m) in the event that all of the Mangles Options are exercised, a total of 2,000,000 Shares will be allotted and issued. This will increase the number of Shares on issue from 60,862,501 to 62,862,501 with a dilution effect on existing Shareholders of approximately 3.18% (assuming all of the Shares are issued under Resolutions 2 and 3, and assuming that no other Options or Convertible Notes are exercised or converted and no other Shares are issued);

(n) the Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in respect of the proposed issue of Mangles Options other than, if any of the Mangles Options are exercised at a time when the market price of Shares (as quoted on ASX) is greater than the exercise price of the Mangles Options, there may be a perceived cost to the Company insofar as the Company will issue Shares at a price lower than it might otherwise have been able to, with the result that fewer funds will be raised;

(o) the price of a Share (as quoted on ASX) over the preceding 12 months period has ranged from a low of $0.086 on 3 May 2006 to a high of $0.245 on 27 July 2006. The latest available price of a Share, immediately prior to the date of this Notice, was $0.17 on 3 May 2007;

(p) other than Mr Mangles, each of the Directors recommend that Shareholders vote in favour of the Resolution as they are of the view that it is in the best interests of Shareholders and the Company. Given Mr Mangles' experience and reputation, the Directors believe that Mr Mangles will make a significant contribution to the achievement of the Company's objectives. Mr Mangles does not wish to make a recommendation to Shareholders about this Resolution because he has an interest in its outcome. The Directors, excluding Mr Mangles, do not have an interest in the outcome of this Resolution other than as a Shareholder in the Company; and

(q) the value of the Mangles Options proposed to be granted has been calculated using the Binomial option valuation methodology and is set out below.

8.4 Value of Mangles Options

The independent valuation, prepared by Stanton Partners Corporate Pty Ltd, has been derived using the Binomial option valuation methodology, based on the following assumptions:

- the valuation date for the Mangles Options is 30 March 2007, although the Mangles Options will not be granted until the Company has approved the grant of the Mangles Options, with 1,500,000 vesting immediately and 500,000 vesting on 31 October 2007;
- the price of a fully paid Share as quoted on ASX is based on the Share price at 30 March 2007, being $0.21;
- the exercise price of the Mangles Options is $0.20;

- the Mangles Options expire at 5:00pm (EST) on 31 March 2009, with 21.73 months to expiry;
- a risk free rate of 6.0%;
- a volatility rate of 70.0% has been applied ;
- discount for non-listed status of Mangles Options of 25.0%; and
- the Mangles Options will not be listed on ASX.

The valuation noted below are not necessarily the market price that Options could be traded at and it is not automatically the market prices for taxation purposes.

Based on that valuation, the Mangles Options have been valued at approximately 5.964 cents per Option or $119,280 in total.

9 RESOLUTION 9 – REDUCTION OF CAPITAL

Resolution 9 seeks Shareholder approval for the Company to reduce its share capital from $4,619,862 to $881,404. The proposed capital reduction will not involve the cancellation of any Shares.

Reason for the Proposal

As set out in the Company's annual financial report as at 31 December 2005, the date on which the Company commenced examination of the health care industry, the Company has accumulated losses of $3,738,458. The majority of these losses were a direct result of trading losses incurred by the Company over several years prior to it embarking upon the change in activities which is subject to approval by shareholders under Resolution 1.

The Directors do not believe the accumulated losses as presently stated provide an accurate reflection of the Company's performance in the event that Shareholders approve Resolution 1. The Directors wish to update the capital structure, and specifically the accumulated losses position, such that the accumulated losses only includes the trading position since the Company commenced its pursuit of opportunities in the health care industry on 1 January 2006.

The passing of Resolution 9 by Shareholders will allow the Company to reduce the accumulated losses account of the Company by $3,738,458. Accordingly, the paid up capital of the Company that is not represented by available assets (due to the accumulated losses) will be cancelled.

Shareholder approval is required pursuant to Section 256C of the Corporations Act.

9.1 Corporations Act

In order for the Company to make an equal capital reduction in compliance with Sections 256B and 256C of the Corporations Act, the capital reduction must:

(a) be fair and reasonable to the Company's Shareholders as a whole;

(b) not materially prejudice the Company's ability to pay its creditors; and

(c) be approved by Shareholders passing an ordinary resolution at a general meeting.

The proposed capital reduction is an equal reduction because it:

(a) relates only to Shares;

(b) applies to each Shareholder in proportion to the number of Shares they hold; and

(c) the terms of the reduction are the same for each Shareholder.

Pursuant to ASX Listing Rule 7.20, the following information on the effect of the proposed capital reduction is provided:

(a) the number of Shares on issue will not be affected by the capital reduction;

(b) the Company does not have any partly paid shares on issue; and

(c) the number of convertible securities on issue will not be affected by the capital reduction.

Financial Impact

The effect of the proposed capital reduction will be a reduction in the Company's share capital from $4,619,862 to $881,404 as at 31 December 2005.

Impact on Creditors

The Directors consider that, as the proposed capital reduction is for no consideration and no Company funds are being used, it will not prejudice the Company's ability to pay its creditors.

Fairness and reasonableness of proposal

As the reduction applies equally to all Shares in the Company, the Directors consider that the proposed capital reduction is fair and reasonable to Shareholders as a whole. The Board therefore recommends that the Resolution be passed.

Option holders and proposed Convertible Note holders

Option holders and proposed Convertible Note holders are not financially affected by this proposal. In a proportional sense, their economic interest in the Company will be exactly the same as it was prior to any approval of the reduction.

GLOSSARY

Acquisition means the purchase of the business assets of Bega Hospital and 100% of the share capital in Care Call as set out in Part A, Section 2 of the Explanatory Statement.

ASIC means the Australian Securities and Investments Commission.

ASX means Australian Stock Exchange Limited (ABN 98 008 624 691).

Bega Valley means Bega Valley Day Surgery Pty Ltd (ACN 054 339 267).

Board means the board of Directors of the Company as constituted from time to time.

Care Call means Care Call Pty Ltd (ABN 72 112 755 307).

Care on Call means the business operated by Care Call.

Company or **Biometrics** means Biometrics Limited (ABN 69 104 113 760).

Constitution means the Constitution of the Company.

Convertible Notes means the convertible notes to be issued pursuant to Resolution 4.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the directors of the Company.

EST means Eastern Standard Time, Sydney, New South Wales.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting means the meeting convened by the Notice.

Heads of Agreement means the heads of agreement between the Company and Care Call on 4 April 2007 and further described in Part A, Section 2.1 of this Explanatory Statement.

Listing Rules means the Listing Rules of ASX.

Mangles Options means Options issued pursuant to Resolution 8.

Memorandum means this information memorandum.

Notice means the notice of meeting, which forms part of this Memorandum.

Option or **Options** means an option to acquire a fully paid ordinary share in the capital of the Company.

Prospectus means the prospectus to be issued by the Company for the purposes of the placement to sophisticated investors pursuant Resolution 2.

Purchase Agreement means the purchase agreement between the Company and Bega Valley executed in May 2007 and further described in Part A, Section 2.1 of this Explanatory Statement.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Share or **Shares** means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Vendors means Bega Valley and the shareholders of Care Call.

SCHEDULE 1

TERMS AND CONDITIONS OF OPTIONS

The material terms and conditions of Options proposed to be issued pursuant to Resolution 2 are as follows:

(a) the Options will be exercisable at any time prior to 5.00pm EST on 31 October 2008 (**Expiry Date**). Options not exercised on or before the Expiry Date will automatically lapse;

(b) the Options may be exercised wholly or in part by completing an application form for Shares (**Notice of Exercise**) delivered to the Company's share registry and received by it any time prior to the Expiry Date;

(c) each Option will entitle the holder to subscribe (in respect of each Option held) for a fully paid ordinary share in the Company (Share) with an exercise price of 20 cents;

(d) upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be allotted and issued a Share ranking pari passu with the then issued Shares. The Company will apply to ASX to have the Shares granted Official Quotation;

(e) a summary of the terms and conditions of the Options, including the Notice of Exercise, will be sent to all holders of Options when the initial holding statement is sent;

(f) any Notice of Exercise received by the Company's share registry on or prior to the Expiry Date will be deemed to be a Notice of Exercise as at the last business day of the month in which such notice is received;

(g) there will be no participating entitlements inherent in the Options to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. Prior to any new pro rata issue of securities to Shareholders, holders of Options will be notified by the Company and will be afforded 7 business days before the record date (to determine entitlements to the issue), to exercise Options;

(h) in the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Option Holder are to be changed in a manner consistent with the ASX Listing Rules.

(i) subject to the Corporations Act, the ASX Listing Rules and the Constitution, the Options may be transferred at any time prior to the Expiry Date;

(j) Shares issued pursuant to the exercise of an Option will be issued not more than 14 days after the date of the Notice of Exercise; and

(k) in the event of a takeover under Chapter 6 of the Corporations Act (Takeover) all Options shall vest immediately and the Optionholder shall have the right to elect to convert the Options into fully paid ordinary shares at the highest takeover price (as adjusted from time to time) and the Options shall convert into the number of Shares calculated as follows:

(Takeover Price less Option Exercise Price) times Number of Options

Divided by Takeover Price

SCHEDULE 2

TERMS AND CONDITIONS OF MANGLES OPTIONS

The material terms and conditions of the Mangles Options proposed to be issued pursuant to Resolution 8 are as follows:

(a) the Mangles Options will be exercisable at any time prior to 5.00pm AEST on 31 March 2009 (Expiry Date) with 1,500,000 vesting immediately and 500,000 vesting on 31 October 2007. Mangles Options not exercised on or before the Expiry Date will automatically lapse;

(b) the Mangles Options may be exercised wholly or in part by completing an application form for Shares (Notice of Exercise) delivered to the Company's share registry and received by it any time prior to the Expiry Date;

(c) each Mangles Option will entitle the holder to subscribe (in respect of each Mangles Option held) for a fully paid ordinary share in the Company (Share) with an exercise price of 20 cents;

(d) upon the exercise of a Mangles Option and receipt of all relevant documents and payment, the holder will be allotted and issued a Share ranking pari passu with the then issued Shares. The Company will apply to ASX to have the Shares granted Official Quotation;

(e) a summary of the terms and conditions of the Mangles Options, including the Notice of Exercise, will be sent to all holders of Options when the initial holding statement is sent;

(f) any Notice of Exercise received by the Company's share registry on or prior to the Expiry Date will be deemed to be a Notice of Exercise as at the last business day of the month in which such notice is received;

(g) there will be no participating entitlements inherent in the Mangles Options to participate in new issues of capital which may be offered to Shareholders during the currency of the Mangles Options. Prior to any new pro rata issue of securities to Shareholders, holders of Mangles Options will be notified by the Company and will be afforded 7 business days before the record date (to determine entitlements to the issue), to exercise Mangles Options;

(h) in the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Mangles Option Holder are to be changed in a manner consistent with the ASX Listing Rules.

(i) subject to the Corporations Act, the ASX Listing Rules and the Constitution, the Mangles Options may be transferred at any time prior to the Expiry Date;

(j) Shares issued pursuant to the exercise of a Mangles Option will be issued not more than 5 business days after the date of the Notice of Exercise; and

(k) in the event of a takeover under Chapter 6 of the Corporations Act (Takeover) all Mangles Options shall vest immediately and the Optionholder shall have the right to elect to convert the Mangles Options into fully paid ordinary shares at the highest takeover price (as adjusted from time to time) and the Mangles Options shall convert into the number of Shares calculated as follows:

(Takeover Price less Option Exercise Price) times Number of Options divided by Takeover Price

SCHEDULE 3

TERMS AND CONDITIONS OF CONVERTIBLE NOTES AND RELATED PARTY CONVERTIBLE NOTES

The material terms and conditions of the Convertible Notes are as follows:

Number of notes	Up to 10,000,000 notes.
Issue Price	The notes will be issued at a face value of $0.20
Amount	Up to $2.0m
Use of Proceeds	To assist with health care acquisitions principally the Bega Hospital and associated expansion of that hospital, the acquisition of the Care On Call business plus acquisition of other business opportunities as they are presented.
Drawdown of Funds	Immediate upon completion of the issue which in turn will be immediately upon requisite approval by BIX members in General Meeting.
Conversion Price	At conversion, holders will convert each note into one fully paid ordinary shares in BIX at the face value of 20 cents
Conversion	The Notes will be convertible at any time exclusively at the option of the note holders or any subsequent holder into that number of shares of common stock of BIX at the Conversion Price.
Final Conversion Date	30 June 2009
Coupon	The notes will pay 9.0% interest p.a., payable quarterly in arrears on 1st July, October, January and April each year, subject to adjustment in the first quarterly period for date of funds receipt.
Conversion Price adjustment.	The Conversion Price will be subject to weighted average adjustment for dilutive issuances of ordinary shares or ordinary share equivalents and customary adjustments for stock dividends, stock splits, distributions to shareholders and other customary adjustment events.
Ranking on Conversion	Each share issued on conversion will rank equally from the date of receipt of conversion notice with all existing ordinary shares then on issue.
Early Redemption Rights	None unless by mutual agreement.

Participation Rights	Prior to conversion, note holders are not entitled to participate in rights issues, any return of capital, bonus issue or capital reconstruction. Note holders are not entitled to vote, unless provided for by the Corporations Act 2001 [or prior conversion into ordinary shares].
Voting Rights	Note holders are not entitled to vote, unless provided for by the Corporations Act 2001 [or prior conversion into ordinary shares].
Security and Sub-Ordination	The notes rank ahead of all shares in BIX and the security trustee will hold a second ranking fixed charge over the Bega Hospital, a first ranking charge over the Care On Call business and a second ranking floating charge over all assets of BIX but the notes will be subordinated to and rank behind senior bank borrowings.
Trustee	BIX will appoint a mutually agreed security trustee for the note holders.
Event of Default	On the occurrence of an Event of Default, the trustee for the note holders can elect to exercise its charge (subject to the subordination agreement) over the Bega Hospital, the Care On Call business and the assets generally of the company.
Maturity	The company will at the close of business on the Final Conversion Date redeem at face value plus accrued interest each note not previously converted into ordinary fully paid ordinary shares in BIX.
Documentation	Will be as per usual convertible note agreements incorporating events of default, representations and warranties, restructuring, dilution etc.

SCHEDULE 4

PRO FORMA STATEMENT OF FINANCIAL POSITION

A pro forma balance sheet of Biometrics after the acquisition of 100% of the business assets of Bega Hospital, 100% of the shares of Care Call Pty Ltd and the proposed capital raisings is set out below.

	Unaudited Balance Sheet at 28 February 07	**Unaudited Proforma Balance Sheet at 28 February 07 Excluding Resolution 7**	**Unaudited Proforma Balance Sheet at 28 February 07 Including Resolution 7**
	$	**$**	**$**
Cash and cash equivalents	246,397	912,344	14,912,344
Trade and other receivables	19,814	19,814	91,814
Current assets	266,211	932,158	14,932,158
Plant and equipment	25,340	545,797	545,797
Intangibles	0	2,628,643	2,628,643
Non-current assets	25,340	3,174,440	3,174,440
Total assets	**291,551**	**4,106,598**	**18,106,598**
Trade and other payables	110,300	110,300	110,300
Borrowings	0	149,100	149,100
Current liabilities	110,300	259,400	259,400
Borrowings	0	2,000,000	2,000,000
Non-current liabilities	110,300	2,000,000	2,000,000
Total liabilities	**110,300**	**2,259,400**	**2,259,400**
Net assets	**181,251**	**1,847,198**	**15,847,198**
Contributed equity	4,619,862	2,547,351	16,547,351
Share payments reserve	403,750	523,030	523,030
Accumulated losses	(4,842,361)	(1,223,183)	(1,223,183)
Equity	**181,251**	**1,847,198**	**15,847,198**

Resolution 7 allows for the issue of up to 75,000,000 shares at a price of not less than 80% of the average market price of the Shares calculated over the last 5 days on which sales in the Shares were recorded before the day on which the issue is made. For the purposes of the pro forma Balance Sheet, it has been assumed that the share price is $0.20

Note 1 – Summary of Significant Accounting Policies

The significant accounting policies which have been adopted in the preparation of the historical consolidation balance sheet and the pro-forma historical consolidated balance sheets are set out below:

Basis of Accounting

The financial statements have been prepared in accordance with the measurement requirements (but not all the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia using the accrual basis of accounting, including the historical cost convention.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Biometrics Limited ("**Biometrics**", "**Company**" or "**parent entity**") as at 28 February 2007 and the results of all controlled entities for the year then ended. Biometrics Limited and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Where control of an entity is obtained during a financial year, its results are included in the consolidated income statement from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Biometrics Limited.

(a) **Income Tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(b) **Acquisition of assets**

All assets acquired including 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 at consideration, their market price at the date of acquisition is used as fair value, except where the notional price at which they could be placed in the market is a better indication of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received, otherwise expensed.

(c) **Plant and Equipment**

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	5-33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(d) **Patents and trademarks**

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life.

(e) **Research and development**

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technically feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(f) **Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the economic entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(g) **Financial Instruments**

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or if so designated by management and within the requirement of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the Company's intention to hold these investments to maturity. Any held-to-maturity investments held by the Company are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available for sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Company assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(h) **Impairment of Assets**

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over it recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(i) **Revenue**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(j) **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the 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 in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Note 2. Pro-forma Adjustments

The Pro-forma Consolidated Balance Sheets of Biometrics have been prepared on the basis that the following transactions have been effected as at 28 February 2007, using the unaudited management accounts of Biometrics on this date:

General Assumptions

- Issue of Options under Resolution 8, with an increase in Employee benefits expense and therefore accumulated losses of $119,280 and an increase in share based payments reserve of $119,280

- Approval of reduction of capital under Resolution 9, with a decrease in contributed equity of $3,738,458 and decrease in accumulated losses of $3,738,458

Acquisition Assumptions

- the purchase of the business assets of Bega Hospital and 100% of the share capital in Care Call as set out in Part A, Section 2 of the Explanatory Statement

Capital Raising Assumptions

- Issue of 7,500,000 Shares at 20 cents under Resolution 2, raising $1,500,000

- Issue of 10,000,000 Convertible Notes under Resolution 4, raising $2,000,000 and accounted for as borrowings

- Transaction costs incurred in connection with the capital raisings amount to $334,053

Resolution 7 Capital Raising Assumptions

- Resolution 7 allows for the issue of up to 75,000,000 shares at a price of not less than 80% of the average market price of the Shares calculated over the last 5 days on which sales in the Shares were recorded before the day on which the issue is made. For the purposes of the pro forma Balance Sheet, it has been assumed that the share price is $0.20, raising $15,000,000

- Transaction costs incurred in connection with the capital raising amount to $1,000,000.

Note 3. Cash and cash equivalents

	Unaudited Proforma Balance Sheet at 28 Feb 2007 Excluding Resolution 7 $	**Unaudited Proforma Balance Sheet at 28 Feb 2007 Including Resolution 7** $
Opening cash balances	246,397	246,397
Proceeds from issue of shares in Resolution 2	1,500,000	1,500,000
Proceeds from issue of notes in Resolution 4	2,000,000	2,000,000
Transaction costs from Resolution 2 and 4	(334,053)	(334,053)
Proceeds from issue of shares in Resolution 7	-	15,000,000
Transaction costs from Resolution 7	-	(1,000,000)
Acquisition of Bega Valley	(1,000,000)	(1,000,000)
Acquisition of Care Call	(1,500,000)	(1,500,000)
	912,344	14,912,344

Note 4. Contributed equity

	Unaudited Proforma Balance Sheet at 28 Feb 2007 Excluding Resolution 7 $	**Unaudited Proforma Balance Sheet at 28 Feb 2007 Including Resolution 7** $
Opening balance	4,619,862	4,619,862
Reduction of capital in Resolution 9	(3,738,458)	(3,738,458)
Proceeds from issue of shares in Resolution 2	1,500,000	1,500,000
Issue of shares in Resolution 3	500,000	500,000
Transaction costs from Resolution 2 and 4	(334,053)	(334,053)
Proceeds from issue of shares in Resolution 7	-	15,000,000
Transaction costs from Resolution 7	-	(1,000,000)
	2,547,351	16,547,351

Shares on issue	Unaudited Proforma Balance Sheet at 28 Feb 2007 Excluding Resolution 7 No of Shares	Unaudited Proforma Balance Sheet at 28 Feb 2007 Including Resolution 7 No of Shares
Opening	50,862,501	50,862,501
Issue of shares in Resolution 2	7,500,000	7,500,000
Issue of shares in Resolution 3	2,500,000	2,500,000
Issue of shares in Resolution 7	-	75,000,000
	60,862,501	135,862,501

Convertible Notes on issue	No of Notes	No of Notes
Opening	0	0
Issue of notes in Resolution 4	10,000,000	10,000,000
	10,000,000	10,000,000

Options on issue	No of Options	No of Options
Options exercisable at $0.20 each on or before 31 December 2007	28,750,000	28,750,000
Options exercisable at $0.20 each on or before 31 March 2009	5,000,000	5,000,000
Current options on issue	33,750,000	33,750,000
Issue of options in Resolution 2	3,750,000	3,750,000
Issue of options in Resolution 8	2,000,000	2,000,000
	39,500,000	39,500,000

Note 5. Shares based payments reserve

	Unaudited Proforma Balance Sheet at 28 Feb 2007 Excluding Resolution 7 $	Unaudited Proforma Balance Sheet at 28 Feb 2007 Including Resolution 7 $
Opening	403,750	403,750
Issue of options in Resolution 8	119,280	119,280
	523,030	523,030

PROXY FORM

APPOINTMENT OF PROXY
BIOMETRICS LIMITED
ABN 69 104 113 760

I/We

being a Member of Biometrics Limited entitled to attend and vote at the Meeting, hereby

Appoint

Name of proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the General Meeting to be held at 10.00 am (EST) on 15 June 2007 at Suite 1006 Milsons Landing, Level 10, 6a Glen Street, Milsons Point NSW 2061and at any adjournment thereof. If no directions are given, the Chairman will vote in favour of all of the resolutions.

Voting on Business of the Extraordinary General Meeting		**FOR**	**AGAINST**	**ABSTAIN**
Resolution 1	Change in Nature and Scale of Activities	☐	☐	☐
Resolution 2	Issue of Shares and Options	☐	☐	☐
Resolution 3	Issue of Bega Shares	☐	☐	☐
Resolution 4	Issue of Convertible Notes	☐	☐	☐
Resolution 5	Participation of Related Party in Issue of Convertible Notes	☐	☐	☐
Resolution 6	Change of Company Name	☐	☐	☐
Resolution 7	Issue of Shares	☐	☐	☐
Resolution 8	Issue of Options to Related Party	☐	☐	☐
Resolution 9	Reduction of Capital	☐	☐	☐

If the Chair of the Meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in this box. ☐

By marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy even though he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. The Chairman will vote in favour of all of the resolutions if no directions are given.

YOU MUST EITHER MARK THE BOXES DIRECTING YOUR PROXY HOW TO VOTE OR MARK THE BOX INDICATING THAT YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, OTHERWISE THIS APPOINTMENT OF PROXY FORM WILL BE DISREGARDED.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

Signed this day of 2007

By: Individuals and joint holders	**Companies (affix common seal if appropriate)**
Signature	Director
Signature	Director/Company Secretary
Signature	Sole Director and Sole Company Secretary

BIOMETRICS LIMITED
ABN 69 104 113 760

Instructions for Completing 'Appointment of Proxy' Form

1. A member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.

2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.

3. Corporate shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:

   - two directors of the company;
   - a director and a company secretary of the company; or
   - for a proprietary company that has a sole director who is also the sole company secretary – that director.

   For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a proxy form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.

5. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.

6. To vote by proxy, please complete and sign the proxy form enclosed with this Notice of Meeting as soon as possible and either:

   (a) send or deliver the proxy form to Biometrics Limited, c/- Franks & Associates Pty Ltd, Suite 206 The Bentleigh, 1 Katherine Street, Chatswood, New South Wales 2067; or

   (b) send the proxy form by facsimile to the Company on facsimile number 02 9419 2944,

   (c) deliver the proxy form to Biometrics Limited, at Suite 1006 Milsons Landing, Level 10, 6a Glen Street, Milsons Point NSW 2061

   so that it is received not later than 10.00am EST on 13 June 2007.

   Proxy forms received later than this time will be invalid.