UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

(X) QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2005

OR

( ) TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____________ to _____________

Commission File Number 0-23153

REMOTEMDX, INC.
(Exact name of small business issuer as specified in its charter)

Utah	**87-0543981**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

150 West Civic Center Drive
Suite 400
Sandy, Utah 84070
(Address of principal executive offices)

(801) 563-7171
(Issuer's telephone number)

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act during the past 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

On February 10, 2006, the issuer had a total of 54,864,632 shares of common stock issued and outstanding. The issuer also had a total of 21,786 shares of Series A Preferred Stock outstanding, convertible at any time at the option of the holders thereof into common stock at the rate of 370 shares of common stock for each share of Series A Preferred Stock, or a total of 8,060,820 shares, and 272,332 shares of Series B Preferred Stock outstanding, convertible at any time at the option of the holders thereof into approximately 2,043,000 shares of common stock.

Transitional Small Business Disclosure Format (Check One): Yes [ ] No [X]

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

REMOTEMDX, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET
(Unaudited)

	December 31, 2005
Assets	
Current assets:	
Cash	$ 1,212,968
Accounts receivable, net of allowance for doubtful accounts of $23,000	93,623
Inventories	38,169
Restricted cash	181,564
Prepaid expenses	37,299
Total current assets	1,563,623
Property and equipment, net of accumulated depreciation and amortization of $513,339	381,657
Other assets	43,098
Total assets	$ 1,988,378
Liabilities and Stockholders' (Deficit)	
Current liabilities:	
Bank line of credit	$ 174,475
Related party line of credit and note, net debt discount of $3,750 (note 5)	252,113
Accounts payable	1,494,226
Accrued liabilities	497,508
Dividends payable	124,461
Deferred revenue	17,757
Convertible debentures, net of debt discount of $28,087 (note 6)	1,290,452
Notes payable, net of debt discount of $692 (note 3)	780,697
Common stock subject to mandatory redemption	96,000
Embedded derivative liability (note 8)	2,926,527
Redeemable SecureAlert Series A Preferred Stock (note 7)	358,410
Total current liabilities	8,012,626
Long term liabilities	
Convertible debentures, net of discount of $814,722 (note 3)	656,196
Total liabilities	8,668,822
SecureAlert Series A Preferred Stock	2,990,000
Stockholders' deficit:	
Preferred stock:	
Series A; 10% dividend, convertible, non-voting; $0.0001 par value; 40,000 shares designated; 21,786 shares outstanding (aggregate liquidation preference of $59,605)	2
Series B; convertible; $0.0001 par value; 2,000,000 shares designated; 272,332 shares outstanding (aggregate liquidation preference of $816,996)	27
Common stock; $0.0001 par value; 100,000,000 shares authorized, 54,416,288 shares outstanding	5,442
Additional paid-in capital	78,106,677
Deferred compensation	(3,873,144)
Accumulated deficit	(83,909,448)
Total stockholders' deficit	(9,670,444)
Total liabilities and stockholders' deficit	$ 1,988,378

See accompanying notes to unaudited condensed consolidated financial statements.

REMOTEMDX, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended December 31, 2005	Three Months Ended December 31, 2004
Net sales	$ 219,493	$ 207,519
Cost of goods sold	107,143	147,084
Gross profit	112,350	60,435
Operating expenses		
Research and development expenses	729,933	204,730
Selling, general and administrative expenses (including $451,820 and $123,525 of compensation expense paid in stock or stock option / warrants, respectively.)	1,743,612	933,335
Loss from operations	(2,361,195)	(1,077,630)
Other income (expense):		
Derivative valuation gain (loss)	(490,901)	-
Other income (expense)	2,000	(30)
Interest income	1,253	817
Interest expense	(596,910)	(238,983)
Loss before income taxes	(3,445,753)	(1,315,826)
Income tax benefit	-	-
Net loss	(3,445,753)	(1,315,826)
Dividends on Series A preferred stock	(124,461)	(128,649)
Net loss attributable to common shareholders	$ (3,570,214)	$ (1,444,475)
Net loss per common share – basic and diluted	$ (0.08)	$ (0.05)
Weighted average common shares outstanding – basic and diluted	47,166,000	31,455,000

See accompanying notes to unaudited condensed consolidated financial statements.

REMOTEMDX, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended December 31, 2005	Three Months Ended December 31, 2004
Cash flows from operating activities:		
Net loss	$(3,445,753)	$(1,315,826)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	16,427	6,065
Derivative liability valuation	490,901	-
Common stock issued for services	27,000	-
Common stock issued for interest	63,366	-
Amortization of deferred financing and consulting costs	562,937	127,575
Accretion of interest expense related to redeemable common stock and debt	154,584	-
Amortization of debt discount	139,252	27,000
Stock options issued for services	-	133,397
Increase in related party line of credit for services	175,562	128,594
Changes in operating assets and liabilities:		
Increase in restricted cash	(1,461)	(753)
Accounts receivable, net	3,158	155,734
Inventories	8,407	(10,998)
Prepaid expenses	(4,164)	1,715
Accounts payable	139,176	141,319
Accrued liabilities	(191,517)	62,442
Deferred revenue	218	(504)
Net cash used in operating activities	(1,861,907)	(544,240)
Cash flows used in investing activities – purchase of property and equipment	(17,369)	(4,220)
Cash flows from financing activities:		
Net (repayments) borrowings under related-party line of credit	(192,314)	(12,596)
Net borrowings (payments) on bank line of credit	(423)	-
Decrease in subscription receivable	504,900	-
Proceeds from issuance of common stock, net of $35,000 commissions	700,000	-
Proceeds from the issuance of subsidiary preferred stock	600,000	260,000
Proceeds from issuance of notes payable and convertible debentures	1,075,000	500,000
Payments on notes payable	(10,955)	(144,500)
Net cash provided by financing activities	2,676,208	602,904
Net increase in cash	796,932	54,444
Cash, beginning of period	416,036	62,103
Cash, end of period	$ 1,212,968	$ 116,547

See accompanying notes to unaudited condensed consolidated financial statements.

REMOTEMDX, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(Unaudited)

	Three Months Ended December 31, 2005	Three Months Ended December 31, 2004
Cash paid for interest and taxes:		
Cash paid for income taxes	$ –	$ –
Cash paid for interest	43,400	14,649
Supplemental schedule of non-cash investing and financing activities:		
Issuance of shares of common stock in exchange for shares of Series A preferred stock	1	1
Accrual of Preferred Series A stock dividends	124,461	128,649
Common stock issued for deferred financing costs	721,050	8,100

See accompanying notes to unaudited condensed consolidated financial statements.

(1) ORGANIZATION AND NATURE OF OPERATIONS

Basis of Presentation

The accompanying condensed consolidated financial statements of the Company have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations. These condensed consolidated financial statements reflect all adjustments (consisting only of normal recurring adjustments) that, in the opinion of management, are necessary to present fairly the results of operations of the Company for the periods presented. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Form 10-KSB for the year ended September 30, 2005. The results of operations for the three months ended December 31, 2005 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 2006.

Going Concern

The Company has recurring net losses, has negative cash flows from operating activities and has a working capital deficit, a stockholders' deficit and an accumulated deficit. These factors raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Management's plans with respect to this uncertainty include converting debt obligations to equity and raising additional capital from the sale of equity securities, obtaining debt financing and enhance revenues and cash flows from its operations by increasing selling and marketing efforts related to new and existing products and services.

There can be no assurance that the Company will be able to raise sufficient capital to meet its working capital needs. In addition, there can be no assurance that the operations will generate positive cash flows and that the Company will be economically successful from increasing selling and marketing efforts to introduce new products into the market. Further, the Company may be unable to complete the development and successful commercialization of any new remote health monitoring products.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of the Company and its wholly or majority-owned subsidiaries. All significant inter-company transactions have been eliminated in consolidation.

Stock-Based Compensation

The Company accounts for its stock-based compensation issued to employees and directors under Accounting Principles Board Opinion (“APB”) No. 25, “Accounting for Stock Issued to Employees,” and related interpretations. Under APB No. 25, compensation related to stock options, if any, is recorded if an option’s exercise price on the measurement date is below the fair value of the Company’s common stock and amortized to expense over the vesting period.

An alternative method to the intrinsic value method of accounting for stock-based compensation is the fair value based method prescribed by Statement of Financial Accounting Standards (SFAS) No. 123, “Accounting for Stock-Based Compensation,” as amended by SFAS No. 148, “Accounting for Stock-Based Compensation – Transition and Disclosure.” If the Company used the fair value based method, the Company would be required to record deferred compensation based on the fair value of the stock option at the date of grant as computed using an option-pricing model, such as the Black-Scholes option pricing model. The deferred compensation calculated under the fair value based method would then be amortized over the vesting period of the stock option. The Company awarded no stock options to employees and had no employee stock options vest during the periods ended December 31, 2005 and 2004.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets for impairment when events or changes in circumstances indicate that the book value of an asset may not be recoverable. The Company evaluates, at each balance sheet date, whether events and circumstances have occurred which indicate possible impairment. The Company uses an estimate of future undiscounted net cash flows of the related asset or group of assets over the estimated remaining life in measuring whether the assets are recoverable.

Net Loss Per Common Share

Basic net loss per common share ("Basic EPS") is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted net loss per common share ("Diluted EPS") is computed by dividing net loss by the sum of the weighted-average number of common shares outstanding and the weighted-average dilutive common share equivalents then outstanding. The computation of Diluted EPS does not assume exercise or conversion of securities that would have an anti-dilutive effect.

Common share equivalents consist of shares issuable upon the exercise of common stock options and warrants, and shares issuable upon conversion of preferred stock. Common share equivalents does not include shares from conversion of debt since the number of shares are yet to be determined. As of December 31, 2005 and 2004, there were approximately 22,840,255 and 18,335,000 outstanding common share equivalents, respectively, that were not included in the computation of diluted net loss per common share as their effect would be anti-dilutive.

Revenue Recognition

The Company derives its revenue primarily from the sale of mobile emergency and personal security systems and reagent stains.

The sale of mobile emergency and personal security systems may include the security device, such as the MobilePal phone, and the related monitoring service. If the sale includes both the device and the monitoring service, revenue from the sale of the device is deferred and recognized ratably over the life of the monitoring service contract. Revenue from the monitoring service contract is recognized monthly as earned in accordance with the monitoring service contract. If the sale is for the device only and does not include the monitoring services, revenue, less reserves for returns, is recognized upon shipment to the customer. The Company records reserves for estimated returns of defective product. Amounts received in advance of shipment are recorded as deferred revenue. Shipping and handling fees are included as part of net sales. The related freight costs and supplies directly associated with shipping products to customers are included as a component of cost of goods sold.

The sale of reagent stains is recognized when an agreement with the buyer exists, the price is fixed or determinable, the product has been shipped, and collection is reasonably assured.

(2) INVENTORIES

Substantially all items included in inventory were finished goods and consist of the following as of December 31, 2005:

Mobile emergency and personal security systems, net of reserve of $63,696	$ 7,244
Reagent Stains	30,925
Total inventory	$ 38,169

(3) NOTES PAYABLE

Notes payable at December 31, 2005 consisted of the following:

Current liabilities:

Unsecured note payable to a corporation with interest at 5%. The note was due December 20, 2005. This note is in default.	$ 95,830
Unsecured notes payable to former SecureAlert shareholders, with interest at 5%, payable in installments of $80,000 per month until paid in full. These notes are currently in default.	169,676
Unsecured note payable to an entity. The note has a monthly payment of $1,985. The loan bears no interest, but has been imputed at 12%. The note is due September 18, 2006. As of December 31, 2005, the unamortized debt discount was $692.	15,191
Convertible notes payable to entities with interest at 8%. The note is due February 28, 2006. The note may convert into Series C Convertible Preferred Stock at $1.12 per share. A contingent beneficial conversion feature has been calculated for a value of $303,572 and will be recognized upon the of the closing of Series C Preferred Stock.	500,000
	$780,697

Long term liabilities:

Unsecured convertible note payable with interest at 18% (effective interest rate of 29.83%), maturing on September 16, 2008. Three years of prepaid interest has been paid through the issuance of 363,000 shares of restricted common stock valued at $515,460. The holder of the note may convert any portion of the outstanding balance at the lower of 50% of the fair value of the Company's common stock or $0.40 per share. A beneficial conversion feature of $363,000 was recorded. As of December 31, 2005, the unamortized debt discount was $327,708.	$ 35,292
Unsecured convertible note payable with interest at 18% (effective interest rate of 26.17%), maturing on May 3, 2008. Three years of prepaid interest has been paid through the issuance of 127,500 shares of restricted common stock valued at $68,850. The holder of the note may convert any portion of the outstanding balance at the lower of 50% of the fair value of the Company's common stock or $0.40 per share. A beneficial conversion feature of $127,500 was recorded. As of December 31, 2005, the unamortized debt discount was $99,166.	28,334
Unsecured convertible notes payable with interest at 18% (effective interest rate of 26.15%), and maturity dates of March 7, 2008, April 7, 2008, and August 14, 2008. Three years of prepaid interest has been paid through the issuance of 600,000 restricted shares of common stock valued at $324,000. The holder of the note may convert any portion of the outstanding balance at the lower of 50% of the fair value of the Company's common stock or $0.40 per share. A beneficial	

conversion feature of $320,000 was recorded. As of December 31, 2005, the unamortized debt discount was $264,931.	335,069
Unsecured convertible notes payable with interest at 18% (effective interest rate of 54.24%), and maturity dates of May 2, 2008 and September 15, 2008. Three years of prepaid interest has been paid through the issuance of 150,000 shares of restricted common stock valued at $125,000. The holder of the note may convert any portion of the outstanding balance at the lower of 50% of the fair value of the Company's common stock or $0.40 per share. A beneficial conversion feature of $150,000 was recorded. As of December 31, 2005, the remaining debt discount was $122,917.	27,083
Unsecured convertible notes payable with interest at 18% (effective interest rate of 39.72%), and maturity dates of June 15, 2008 and September 15, 2008. Three years of prepaid interest has been paid through the issuance of 1,280,000 shares of restricted common stock valued at $883,600. The holder of the note may convert any portion of the outstanding balance at 50% of the fair value of the Company's common. As of December 31, 2005, the unaccreted balance was $1,097,499. These notes have conversion features that are considered embedded derivatives and therefore, are subject to derivative accounting. (See Note 8)	182,501
Unsecured convertible notes payable with interest at 5% (effective interest rate of 31.86%), and maturity dates of September 30, 2008. Three years of prepaid interest has been paid through the issuance of 575,000 shares of restricted common stock valued at $655,500. The holder of the note may convert any portion of the outstanding balance at the lower of 50% of the fair value of the Company's common or $0.60 per share. As of December 31, 2005, the unaccreted balance was $527,083. These notes have conversion features that are considered embedded derivatives and therefore, are subject to derivative accounting. (See Note 8)	47,917
	$ 656,196

(4) BANK LINE OF CREDIT

As of December 31, 2005, the Company had $174,475 outstanding under a line of credit with Zions First National Bank. The line of credit bears interest at prime plus .25% (7.25%), matures on March 11, 2006, is limited to $175,000 plus fees, and is secured by certificates of deposit which the Company holds as restricted cash of $181,564.

(5) RELATED PARTY LINE OF CREDIT AND NOTE

As of December 31, 2005, the Company owed to ADP Management, an entity owned and controlled by two of the Company's officers and directors $863, under a line of credit agreement. Outstanding amounts on the line of credit accrue interest at 5.0% and are due in July 2006. During the three months ended December 31, 2005, the net decrease in the related party line of credit was $16,752. The net decrease consisted of net cash repayments during the quarter of $192,314 and net increases of $175,562 related to a monthly management fee owed to ADP Management and expenses incurred by ADP Management that are reimbursable by the Company. If the Company is unable to pay the management fee and the reimbursable expenses in cash, the related party line of credit is increased for the amount owed to ADP Management.

The Company entered into a loan with an entity controlled by an employee of the Company. The loan bears interest at 17%. An origination fee of $10,000 was added to the principal balance owed under the note. Principal and interest were due November 13, 2005. The first four months are interest only and the last three months are interest and principal. This loan is secured by the stock and assets of Volu-Sol Reagents Corporation, a wholly-owned subsidiary of RemoteMDx, Inc. As of December 31, 2005, the balance net of the debt discount was $251,250. The note has been extended for cash payments of $10,000 per month.

(6) CONVERTIBLE DEBENTURES

During the year ended September 30, 2004, the Company sold $1,450,000 of Series B Convertible Debentures and $350,000 of Series C Convertible Debentures. The Debentures are convertible automatically into shares of the Company's common stock upon the closing of a qualified equity or debt offering with gross proceeds of at least $5,000,000. Under the terms, the conversion price will equal 80% of the fair value prior to closing the offering. The Debentures bear interest at an annual rate of 10%, not including any original issue discount, with interest during the first six months of $47,954 added to the principal amount. Thereafter, interest payments will be made monthly in cash or, at the sole option of the Company, in shares of Common Stock at a price of $0.54 per share. The Debentures mature and are payable two years from each Closing, subject to the conversion as indicated above. As of December 31, 2005, the convertible debentures net of debt discount was $1,290,452.

(7) PREFERRED STOCK

Series A 10 % Convertible Non-Voting Preferred Stock
During the three months ended December 31, 2005, a total of 4,221 shares of Series A Preferred Stock were converted into 1,565,025 shares of common stock. As of December 31, 2005, there were 21,786 shares of Series A Preferred Stock outstanding, which represents 8,060,650 common stock equivalents at a conversion rate of 370 for 1.

The holders of the Series A Preferred Stock are entitled to dividends at the rate of 10 percent per year on the stated value of the Series A Preferred Stock (or $200 per share), payable in cash or in additional shares of Series A Preferred Stock at the discretion of the board of directors. Dividends are fully cumulative and accrue from the date of original issuance. During the three months ended December 31, 2005 and 2004, the Company recorded $124,461 and $128,649, respectively, in dividends on Series A Preferred Stock.

The Company may, at its option, redeem up to two-thirds of the total number of shares of Series A Preferred Stock at a redemption price of 133 percent of the stated value of Series A Preferred Stock; however, the Company may designate a different and lower redemption price for all shares of Series A Preferred Stock called for redemption by the Company. Through December 31, 2005, the Company had not exercised its option to redeem shares of Series A Preferred Stock.

Series B Convertible Preferred Stock

During the three months ended December 31, 2005, a total of 1,096,825 shares of Series B Preferred Stock were converted into 5,652,381 shares of common stock. As of December 31, 2005, there were 272,332 shares of Series B Preferred Stock outstanding convertible into approximately 2,043,000 common shares.

SecureAlert, Inc. Preferred Shares

During the year ended September 30, 2005, and pursuant to Board of Director approval, the Company amended the articles of incorporation of its wholly owned subsidiary, SecureAlert, Inc., to establish 3,500,000 shares of preferred stock designated as Series A Convertible Redeemable Non-Voting Preferred Stock. The holders of shares of Series A Preferred Stock shall be entitled to receive quarterly dividends out of any of SecureAlert's assets legally available therefore, prior and in preference to any declaration or payment of any dividend on the Common Stock of the SecureAlert, at the rate of $1.50 per day times the number of SecureAlert's parolee contracts calculated in days during the quarter. For example, if there were an average of 10,000 parolee contracts outstanding during the quarter, the total dividend would be $1,350,000 ($1.50 X 90 days X 10,000 contracts) or $.385/Series A Preferred Stock. In no case will a dividend be paid if the gross revenue per contract per day to SecureAlert averages less than $4.50. Dividends will be paid in cash to the holders of record of shares of Series A Preferred Stock as they appear on the books and records of SecureAlert on such record dates not less than ten (10) days nor more than sixty (60) days preceding the payment dates thereof, as may be fixed by the Board of Directors of SecureAlert. As a group, all Series A Preferred Stock may be converted at the holder's option at any time into an aggregate of 20% ownership of the common shares of the SecureAlert, Inc. During the quarter ended December 31, 2005, the Company sold 600,000 of these shares for $600,000. As of December 31, 2005, there were 3,590,000 shares of SecureAlert Series A Preferred Stock.

The 600,000 shares of SecureAlert Series A Preferred Stock issued during the quarter have an additional feature where the Company will buy back the SecureAlert Series A Preferred Shares and pay the investor 15% interest should the Company not have contracts for a total of 7,000 parolee units by March 31, 2006. There is doubt that the Company will secure 7,000 parolee contracts by March 31, 2006; therefore, in accordance with SFAS No. 150, *Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity*, the redemption value of the redeemable shares has been recorded as a liability. The Company has committed to collateralize these instruments with 600,000 free trading shares of its common stock. In addition, each holder received an option to purchase 1 share of common stock with an exercise price of $1.00 per share for each share of SecureAlert Series A Preferred Shares received. The Black-Scholes model was used to determine the value for the 600,000 options issued. The value of the options was $443,515. The detachable warrants were valued at $443,515 and the debt discount was prorated. As of December 31, 2005, the unamortized debt discount was $241,590.

(8) DERIVATIVES

The Company does not hold or issue derivative instruments for trading purposes. However, the Company has convertible notes payable that contain embedded derivatives that require separate valuation from the convertible notes. The Company recognizes these derivatives as liabilities in its balance sheet and measures them at their estimated fair value, and recognizes changes in their estimated fair value in earnings (losses) in the period of change. The Company has estimated the fair value of these embedded derivatives using the Black-Scholes model based on the historical volatility of its common stock over the past three years. The fair value of derivative instruments are re-measured each quarter.

During the three months ended December 31, 2005 and the year ended September 30, 2005, the Company issued convertible notes payable containing embedded derivatives. The Company received $1,855,000 from these convertible notes and issued 1,855,000 shares of common stock valued at $1,539,100 for three years of prepaid interest. The carrying value of these convertible notes payable as of December 31, 2005 was $230,418. The carrying value will be increased each quarter over the three year period as the accretion related to the embedded derivative is recorded until the carrying value equals the face value of $1,855,000. As of December 31, 2005, the derivative instruments had a total fair value of $2,926,527.

(9) COMMON STOCK

During the three months ended December 31, 2005, the Company issued 9,287,246 shares of common stock as follows:

- 325,000 shares were issued for services performed for a value of $327,000.
- 694,840 shares were issued in connection with debt and interest on notes payable for a value of $784,416.
- 1,050,000 shares were issued for $700,000 in cash, net commission of $35,000
- 7,217,406 shares were issued for conversion of Series A and B Preferred Stock.

Common Stock Subject to Redemption

The Company has 32,000 common shares outstanding that are redeemable at the option of the holder with a redeemable value of $96,000. The Company has not yet been released from the $96,000 obligation. In accordance with SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity, the redemption value of the redeemable shares has been recorded as a liability.

Common Stock Options and Warrants

As of December 31, 2005, 9,341,649 of the 13,266,649 outstanding options and warrants were vested with a weighted average exercise price of $0.60 per share. For the three months ended December 31, 2005, 657,500 options were issued with an exercise price of $1.00 per share. These options were issued in connection with debt and SecureAlert Series A Preferred stock.

(10) SEGMENT INFORMATION

The Company is organized into two business segments based primarily on the nature of the Company's products. The Reagents segment is engaged in the business of manufacturing and marketing medical diagnostic stains, solutions and related equipment to hospitals and medical testing labs. The SecureAlert segment is engaged in the business of developing, distributing and marketing mobile emergency and personal security systems to distributors and consumers. Other (unallocated) loss consists of research and development, selling, general and administrative expenses related to the Company's corporate activities, including remote health monitoring and market and business development activities.

The following table reflects certain financial information relating to each reportable segment for each of the three-month periods ended December 31, 2005 and 2004:

	Three Months Ended December 31, 2005	Three Months Ended December 31, 2004
Sales to external customers:		
SecureAlert	$ 77,060	$ 68,945
Reagents	142,433	138,574
	$ 219,493	$ 207,519
Net (loss) income from operations :		
SecureAlert	$ (1,349,620)	$ (552,671)
Reagents	23,830	14,314
Other (unallocated)	(2,119,963)	(777,469)
	$ (3,445,753)	$ (1,315,826)
Identifiable assets:		
SecureAlert	879,205	
Reagents	306,310	
Other (unallocated)	802,863	
	$ 1,988,378	

(11) SUBSEQUENT EVENTS

Subsequent to December 31, 2005, the Company has entered into the following agreements:

- $400,000 of the Convertible Promissory Bridge Notes have been redeemed by the Company pursuant to the terms of the Notes for $418,668 in cash.
- The Board of Directors have approved the issuance of Series C Preferred Stock. Series C Preferred Stock has the following features: cost of $1.12 per share, an annual dividend of 8%, voting rights and one share of Series C Preferred Stock converts into two shares of common stock.
- The Company has received $500,000 from two entities from the issuance of debt convertible into Series C Preferred Stock.

Item 2. Management's Discussion and Analysis or Plan of Operation

Special Note Regarding Forward-looking Information

Certain statements in this Item 2 "Management's Discussion and Analysis or Plan of Operation" are "forward-looking statements" within the meaning of the Securities Exchange Act of 1934 (the "Exchange Act"). For this purpose, any statements contained or incorporated in this report that are not statements of historical fact may be deemed to be forward-looking statements. The words, "believes," "will," "plans," "anticipates," "expects" and similar expressions are intended to identify forward-looking statements. A number of important factors could cause the actual results of the Company to differ materially from those anticipated by forward-looking statements. These factors include those set forth under the caption "Risk Factors" in Item 6 - "Management's Discussion and Analysis or Plan of Operation" in the Company's Annual Report on Form 10-KSB for the year ended September 30, 2005.

General

RemoteMDx, Inc. ("RemoteMDx" or the "Company") markets and sells patented wireless location technologies and the related monitoring services, and develops, markets and sells personal security, senior supervision, and health monitoring devices and monitoring services. The RemoteMDx products and monitoring services feature wireless products that utilize GPS and cellular technologies in conjunction with a monitoring center. These devices include a mobile emergency response device, MobilePAL™, which can locate persons in distress, no matter where they may be, and dispatch the closest emergency service to their location. The Company has recently developed and has numerous pre-production models of a tracking device, TrackerPAL, which will be used to monitor convicted offenders in the criminal justice system. The Company believes that its technologies and services will benefit the healthcare and penal system as they allow both care providers and law enforcement officials to respond immediately to a medical event or criminal activity. Our customers will be able to better monitor and manage their own chronic disease and medical conditions, giving peace of mind to them and their loved ones and care providers.

The Company's primary health monitoring market consists of approximately 35 million Americans over the age of sixty-five. Of these 35 million seniors, it is estimated that 9.7 million currently live alone. However, in most cases, the Company anticipates that senior customers will not purchase the Company's products for themselves. Instead, based on the Company's experience, the Company believes that it is more effective to target the children or caregivers of these seniors. Therefore, the primary target market is children, friends, and spouses of these individuals.

Additionally, the Company has identified a growing need in the parole/probation market, which in 2003, consisted of approximately 4.9 million adults in the criminal justice system. In order to meet the needs of this growing demand, the Company has developed TrackerPAL that works in conjunction with our monitoring center. Through the date of this report, the Company has not received any revenue from this market.

We also sell medical diagnostic stains, solutions, and equipment through a wholly owned subsidiary, Volu-Sol Reagents Corporation ("Reagents").

We derive our revenues from the following sources:

- Medical Diagnostic Stains – We sell medical diagnostic stains and equipment to laboratories throughout the United States. The Company anticipates that these sales will decrease in the futures as a percentage of total sales.

- Monitoring Activation – We sell our MobilePAL™ and anticipate leasing our TrackerPAL devices as part of a monitoring contract, with prepaid activation charges.

- Monitoring Services – Following activation, our MobilePAL and TrackerPAL customers pay a monthly monitoring fee and fees for additional services offered by our contract providers or by us.

In addition to the foregoing sources, we have contractual rights to receive royalty revenues from a license agreement with Matsushita Electric Works ("MEW") and from sales of telematic products and services under marketing agreements. "Telematic" means any wireless communication system designed for the collection and dissemination of data. To date these royalty agreements have not produced any royalty income.

Our Strategy

Our goal is to establish the Company as a significant marketer and distributor of leading technology and services we have developed for the mobile personal emergency, the parolee and probation market, and the health monitoring industries. Until the beginning of calendar 2003, most of our revenues were provided by the distribution of consumer electronics through a business acquired by a wholly owned subsidiary, SecureAlert, Inc. ("SecureAlert"), in July 2001. With our decision to refocus our business and product development efforts on the mobile health and emergency monitoring and law enforcement industries, which previously comprised a smaller part of our business, we discontinued the distribution of consumer electronics and automotive telematic products during 2003.

Critical Accounting Policies

In Note 1 to the audited financial statements for the fiscal year ended September 30, 2005 included in the Company's Form 10-KSB, the Company discusses those accounting policies that are considered to be significant in determining the results of operations and its financial position. The Company believes that the accounting principles utilized by it conform to generally accepted accounting principles in the United States of America.

The preparation of consolidated financial statements requires management to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. By their nature, these judgments are subject to an inherent degree of uncertainty. On an on-going basis, the Company evaluates its estimates, including those related to bad debts, inventories, intangible assets, warranty obligations, product liability, revenue, and income taxes. The Company bases its estimates on historical experience and other facts and circumstances that are believed to be reasonable, and the results form the basis for making judgments about the carrying value of assets and liabilities. The actual results may differ from these estimates under different assumptions or conditions.

With respect to inventory reserves, revenue recognition and allowance for doubtful accounts, the Company applies the following critical accounting policies in the preparation of its financial statements:

Inventory Reserves

The nature of the Company's business requires it to maintain sufficient inventory on hand at all times to meet the requirements of its customers. The Company record finished goods inventory at the lower of standard cost, which approximates actual costs (first-in, first-out) or market. Raw materials are stated at the lower of cost (first-in, first-out), or market. General inventory reserves are maintained for the possible impairment of the inventory. Impairment may be a result of slow moving or excess inventory, product obsolescence or changes in the valuation of the inventory. In determining the adequacy of its reserves, the Company analyzes the following, among other things:

- Current inventory quantities on hand;
- Product acceptance in the marketplace;
- Customer demand;
- Historical sales;
- Forecast sales;
- Product obsolescence; and
- Technological innovations.

Any modifications to these estimates of reserves are reflected in the cost of goods sold within the statement of operations during the period in which such modifications are determined necessary by management.

Revenue Recognition

The Company derives its revenue primarily from the sale of mobile emergency and personal security systems and reagent stains.

The sale of mobile emergency and personal security systems may include the security device, such as the MobilePal phone, and the related monitoring service. If the sale includes both the device and the monitoring service, revenue from the sale of the device is deferred and recognized ratably over the life of the monitoring service contract. Revenue from the monitoring service contract is recognized monthly as earned in accordance with the monitoring service contract. If the sale is for the device only and does not include the monitoring services, revenue, less reserves for returns, is recognized upon shipment to the customer. The Company records reserves for estimated returns of defective product. Amounts received in advance of shipment are recorded as deferred revenue. Shipping and handling fees are included as part of net sales. The related freight costs and supplies directly associated with shipping products to customers are included as a component of cost of goods sold.

The sale of reagent stains is recognized when an agreement with the buyer exists, the price is fixed or determinable, the product has been shipped, and collection is reasonably assured.

Impairment of Long-lived Assets

The Company reviews its long-lived assets for impairment when events or changes in circumstances indicate that the book value of an asset may not be recoverable. The Company evaluates, at each balance sheet date, whether events and circumstances have occurred which indicate possible impairment. The Company uses an estimate of future undiscounted net cash flows of the related asset or group of assets over the estimated remaining life in measuring whether the assets are recoverable. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount exceeds the estimated fair value of the asset. Impairment of long-lived assets is assessed at the lowest levels for which there are identifiable cash flows that are independent of other groups of assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less the estimated costs to sell. In addition, depreciation of the asset ceases. During the periods ended December 31, 2005 and 2004, no impairment of long-lived assets was recorded.

Accounting for Stock-based Compensation

The Company accounts for stock-based compensation issued to employees and directors under Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees," and related interpretations. Under APB No. 25, compensation related to stock options, if any, is recorded if an option's exercise price on the measurement date is below the fair value of the company's common stock and amortized to expense over the vesting period. Compensation expense for stock awards or purchases, if any, is recognized if the award or purchase price on the measurement date is below the fair value of the common stock and is recognized on the date of award or purchase. Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock Based Compensation," requires pro forma information regarding net loss and net loss per common share as if the company had accounted for its stock options granted under the fair value method.

The Company accounts for stock-based compensation issued to persons other than employees using the fair value method in accordance with SFAS No. 123 and related interpretations. Under SFAS No. 123, stock-based compensation is determined as either the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. The measurement date for these issuances is the earlier of either the date at which a commitment for performance by the recipient to earn the equity instruments is reached or the date at which the recipient's performance is complete.

Three Months Ended December 31, 2005 Compared to Three Months Ended December 31, 2004

Net Sales

For the three months ended December 31, 2005, the Company had net sales of $219,493, compared to $207,519 for the three months ended December 31, 2004, an increase of $11,974. The increase in net sales resulted primarily from focusing on the mobile emergency and personal security systems.

SecureAlert had net sales of $77,060 during the three months ended December 31, 2005 compared with $68,945 during the comparative period of 2004. These sales consisted of mobile emergency and personal security systems. No customer accounted for 10% or more of sales by SecureAlert during the period.

Reagents had revenues for the three months ended December 31, 2005 of $142,433, compared to $138,574 during the quarter ended December 31, 2004. The Company anticipates that Reagents' sales will decrease in the future as a percentage of total sales. Fisher Scientific was a significant customer of Reagents, accounting for 30% of Reagents' sales during the period. No other Reagents customer accounted for 10% or more of its sales.

Cost of Goods Sold

For the three months ended December 31, 2005, cost of goods sold was $107,143 compared to $147,084 during the three months ended December 31, 2004, a decrease of $39,941. During the fiscal year ended September 30, 2005, the Company recorded an impairment of the GPS2000 mobile phone inventory based on the estimated recoverability of the inventory. Therefore, the sales of such phones during the period ended December 31, 2005, resulted in a lower cost of goods sold per unit based on the impairment. SecureAlert's cost of goods sold totaled $34,498 or 45% of SecureAlert's net sales during the three months ended December 31, 2005. The mobile emergency and personal security products have generally been sold below cost in an effort to secure a recurring revenue stream under monthly monitoring contracts. Reagents' cost of goods sold was $72,645 or 51% of Reagent's net sales during the three months ended December 31, 2005, compared to $72,099 or 52% of Reagent's net sales for the same period during the prior fiscal year. The decrease as a percentage of net sales was primarily due to a reduction in labor costs.

Research and Development Expenses

For the three months ended December 31, 2005, research and development expenses were $729,933 compared to $204,730 in the previous year period, an increase of $525,203. This increase in research and development expenses consisted primarily of expenses associated with the development of SecureAlert's TrackerPAL device.

Selling, General and Administrative Expenses

During the three months ended December 31, 2005, selling, general and administrative expenses were $1,743,612 compared to $933,335 during the three months ended December 31, 2004. The increase of $810,277 relates primarily to an increase of travel, consulting and marketing costs. Travel expense increased from $15,173 during the three months ended December 31, 2004 to $96,475 in the comparable period in 2005. The Company incurs significant travel expenses in the development and marketing of its products as well as it continues efforts to raise additional capital through the issuance of debt or equity instruments. Consulting expense increased from $151,475 in the three months ended December 31, 2004 to $710,831 in the comparable period in 2005. The majority of the consulting expense for the 2005 period is related to stock and stock options issued to consultants for the development of the wireless technology in the Company’s products and marketing services.

Interest Income and Expense

During the three months ended December 31, 2005, interest expense totaled $596,910, compared to $238,983 in the three months ended December 31, 2004. Non-cash interest expense of $553,510 for the three months ended December 31, 2005 consists mainly of the following: $154,584 of accretion from the issuance of convertible debt with embedded derivatives, $335,560 for the amortization of the debt discount, and approximately $63,366 related to accrued interest on the convertible debentures. Non-cash interest of $194,398 for the three months ended December 31, 2004 related to the issuance of warrants in connection with new debt of $133,398, amortization of the debt discount related to the convertible debentures of $27,000, and accrued interest on convertible debentures of $34,000.

Liquidity and Capital Resources

The Company is unable to finance its operations solely from cash flows from operating activities. During the three months ended December 31, 2005, the Company financed its operations primarily through borrowings, sale of common stock and the sale of preferred stock of a wholly-owned subsidiary.

As of December 31, 2005, the Company had unrestricted cash of $ 1,212,968 and a working capital deficit of $6,449,003, compared to unrestricted cash of $416,036 and a working capital deficit of $5,217,466 at September 30, 2005.

During the three months ended December 31, 2005, the Company's operating activities used cash of $1,861,907, compared to cash of $544,240 used during the three months ended December 31, 2004. The increase was primarily a result of research and development costs of SecureAlert’s TrackerPal device.

The Company used cash of $17,369 for investing activities during the three months ended December 31, 2005.

The Company's financing activities during the three months ended December 31, 2005 provided cash of $2,676,208 compared to $602,904 during the three months ended December 31, 2004. During the three months ended December 31, 2005, the Company raised $600,000 through the sale of preferred stock of its wholly-owned subsidiary, SecureAlert, $1,075,000 in debt financing, and $700,000 through the sale of common stock during the three months ended December 31, 2005.

The Company incurred a net loss of $3,445,753 during the three months ended December 31, 2005. As of December 31, 2005, the Company had a net tangible stockholders' deficit of $9,670,444 and an accumulated deficit of $83,909,448. These factors, as well as the risk factors set out in the Company's annual report on Form 10-KSB for the year ended September 30, 2005, raise substantial doubt about the Company's ability to continue as a going concern. The unaudited condensed consolidated financial statements included in this report do not include any adjustments that might result from the outcome of this uncertainty. The Company's plans with respect to this uncertainty include the conversion of a significant portion of its outstanding debt and other obligations to equity, as well as raising capital from the sale of the Company’s common stock or other debt and equity securities.

There is no assurance that the Company will be successful in its plans to raise capital, convert debt to equity or meet its current financial obligations. There has been no adjustment to the financial statements included in this report should management's plans not be met.

Item 3. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended (the Exchange Act), is recorded, processed, summarized, and reported within the required time periods, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding disclosure.

As required by Rule 13a-15(b) under the Exchange Act, we conducted an evaluation, under the supervision of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of December 31, 2005. In our evaluation we identified deficiencies that existed in the design or operation of our internal control over financial reporting that we and our independent registered public accounting firm considered to be “material weaknesses.” A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the annual or interim financial information will not be prevented or detected.

The deficiencies in our internal control over financial reporting related to the failure to properly disclose equity and debt transactions. The deficiencies were detected in the evaluation process and the transactions have been appropriately recorded and disclosed in this Form 10-QSB. In addition, we have not created a “Disclosure Controls Committee” to monitor and follow up on our processes to assure disclosures are complete and accurate; however, we intend to have such a committee in place by October 1, 2006. We are in the process of improving our internal control over financial reporting in an effort to resolve these deficiencies through improved supervision and training of our accounting staff, but additional effort is needed to fully remedy these deficiencies. Our management, audit committee, and directors will continue to work with our auditors and outside advisors to ensure that our controls and procedures are adequate and effective.

Based on the matter identified above, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective. These deficiencies have been disclosed to our Audit Committee.

Changes in Internal Controls. There has been no change in our internal control over financial reporting during the quarter ended December 31, 2005 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Since the most recent evaluation date, there have been no significant changes in our internal control structure, policies, and procedures or in other areas that could significantly affect our internal control over financial reporting.

Recent Developments

The Company is exploring the possibility of raising additional capital through the sale of a new series of preferred stock, which would be designated as Series C Preferred Stock. Conditions that likely would need to be met prior to the issuance of such preferred stock would include, but not be limited to receiving approval of the holders of the Company's outstanding Series A and Series B Preferred Stock, and the filing of appropriate amendments to the Company's Articles of Organization to provide for the new series of preferred stock. There can be no guarantee that the Company will be able to close the contemplated transaction, or that the Company will be able to enter into a transaction on terms that are satisfactory to the Company.

In addition, the Company has received an additional $500,000 from two entities and has issued two promissory notes, each in the principal amount of $250,000, which are convertible into Series C Preferred Stock. These convertible notes bear interest at 8% and are due on February 28, 2006. The notes may convert into Series C Convertible Preferred Stock at $1.12 per share.

PART II. OTHER INFORMATION

Item 2. Changes in Securities and Use of Proceeds

During the three months ended December 31, 2005, the Company issued 9,287,246 shares of common stock without registration of the offer and sale of the securities under the Securities Act of 1933, as amended, as follows:

- 325,000 shares were issued for services performed.
- 694,840 shares were issued in connection with debt and interest on notes payable.
- 1,050,000 shares were issued for $700,000 in cash.
- 7,217,406 shares were issued for conversion of Preferred Stock.

In each of these transactions the securities were issued to individuals or entities that were "accredited investors" as that term is used in Rule 501 under Regulation D of the Securities Act of 1933, as amended (the "Securities Act"). The issuance of the securities was accomplished without registration under the Securities Act in reliance on the exemptions from the registration requirements of the Securities Act afforded by Section 4(2) and Rule 506 of Regulation D under the Securities Act.

Item 5. Other Information

None

Item 6. Exhibits

Exhibits Required by Item 601 of Regulation S-B

Exhibit Number	Title of Document
10.01	Distribution and Separation Agreement (incorporated by reference to the Company's Registration Statement and Amendments thereto on Form 10-SB, effective December 1, 1997)
10.02	1997 Stock Incentive Plan of the Company, (incorporated by reference to the Company's Registration Statement and Amendments thereto on Form 10-SB, effective December 1, 1997)
10.03	1997 Transition Plan (incorporated by reference to the Company's Registration Statement and Amendments thereto on Form 10-SB, effective December 1, 1997).
10.04	Securities Purchase Agreement for $1,200,000 of Series A Preferred Stock (incorporated by reference to the Company's Registration Statement and Amendments thereto on Form 10-SB, effective December 1, 1997)

10.05	Securities Purchase Agreements with ADP Management and James Dalton (previously filed)
10.06	Agreement and Plan of Merger (SecureAlert) (previously filed as exhibit to Current Report on Form 8-K)
10.07	Loan Agreement (as amended) dated June 2001 between ADP Management and the Company (incorporated by reference to the Company's annual report on Form 10-KSB for the year ended September 30, 2001)
10.08	Amended and Restated Loan and Security Agreement (SunTrust Bank and SecureAlert), dated August 3, 2001 (incorporated by reference to the Company's annual report on Form 10-KSB for the year ended September 30, 2001)
10.09	Amended and Restated Loan and Security Agreement (SunTrust Bank and SecureAlert), dated January 24, 2002 (filed as an exhibit to the Company's quarterly report on Form 10-QSB for the quarter ended December 31, 2001)
10.10	Amended and Restated Loan and Security Agreement (SunTrust Bank and SecureAlert) dated March 1, 2002 (filed as an exhibit to the Company's quarterly report on Form 10-QSB for the quarter ended December 31, 2001)
10.11	Loan Agreement (as amended and extended) dated March 5, 2002 between ADP Management and the Company, effective December 31, 2001 (filed as an exhibit to the Company's quarterly report on Form 10-QSB for the quarter ended December 31, 2001)
10.12	License Agreement between RemoteMDx, Inc. and SecureAlert, Inc. as licensor and Matsushita Electric Works, Ltd., as licensee, (April 12, 2002) (previously filed)
10.13	Agreement between the Company and SAE, (previously filed)
10.14	Agreement between the Company and SecureAlert Telematics, with amendments, (previously filed)
10.15	Senior Secured Convertible Promissory Note, dated December 22, 2005, payable to Anasazi Partners III, LLC.
10.16	Senior Secured Convertible Promissory Note, dated December 22, 2005, payable to Clydesdale Partners, LLC.
10.17	Senior Secured Convertible Promissory Note, dated February 1, 2006, payable to Anasazi Partners III, LLC.
10.18	Senior Secured Convertible Promissory Note, dated February 1, 2006, payable to Clydesdale Partners, LLC.
31.1	Certification of President and Chief Executive Officer under Section 302 of Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer under Section 302 of Sarbanes-Oxley Act of 2002
32	Certification under Section 906 of Sarbanes-Oxley Act of 2002

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report, as amended, to be signed on its behalf by the undersigned, thereunto duly authorized.

REMOTEMDX, INC.

Date: February 14, 2006

By: /s/ David G. Derrick
David G. Derrick,
Chief Executive Officer

Date: February 14, 2006

By: /s/ Michael G. Acton
Michael G. Acton,
Principal Accounting Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, David G. Derrick, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of RemoteMDx, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2006

/s/ David G. Derrick
David G. Derrick
Chief Executive Officer

CERTIFICATION OF CFO

I, Michael G. Acton, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of RemoteMDx, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2006

/s/ Michael G. Acton
Michael G. Acton
Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of RemoteMDx, Inc. on Form 10-QSB for the period ended December 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), David G. Derrick, Chief Executive Officer and Michael G. Acton, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ David G. Derrick
David G. Derrick
Chief Executive Officer
RemoteMDx, Inc.

/s/ Michael G. Acton
Michael G. Acton
Chief Financial Officer

Dated: February 14, 2006