



29 February 2008

The Manager - Companies  
Australian Stock Exchange Limited  
20 Bridge Street  
SYDNEY NSW 2000

(22 pages by email)

Dear Madam

### HALF YEAR REPORTS

In accordance with Listing Rule 4.2A, I attach the Company's Appendix 4D and Interim Financial Report for the half year ended 31 December 2007. This Interim Financial Report should be read in conjunction with the Company's 30 June 2007 Annual Report.

Yours sincerely

A handwritten signature in black ink, appearing to read "PJN", written over a light blue horizontal line.

Peter J. Nightingale  
Company Secretary

pjn4297

# Appendix 4D

## Half Year Report

Name of entity

**BMDi INTERNATIONAL LIMITED**

ABN or equivalent company  
reference

**30 096 048 912**

Half year ended ('current period')

**31 DECEMBER 2007**

### Results for announcement to the market

Revenues from ordinary activities	up	76%	to	940,358
Loss from ordinary activities after tax attributable to members	up	2%	to	644,489
Net loss for the period attributable to members	up	2%	to	644,489
<b>Dividends (distributions)</b>		Amount per security		Franked amount per security
Final dividend		Nil		N/A
Interim dividend		Nil		N/A
Previous corresponding period				
Final dividend		Nil		N/A
Interim dividend		Nil		N/A
Record date for determining entitlements to the dividend.				N/A
Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:  Refer attached reports.				
<b>NTA backing</b>		Current period		Previous corresponding period
Net tangible asset backing per ordinary security		0.2 cents		0.5 cents

**BMDi INTERNATIONAL LIMITED**  
**(formerly IMD GROUP LIMITED)**  
**A.B.N. 30 096 048 912**

**and its controlled entities**

**INTERIM FINANCIAL REPORT**  
**FOR THE HALF YEAR ENDED**  
**31 DECEMBER 2007**

# BMDi INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

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# BMDi INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

## Directors' Report

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The directors present their report together with the financial report of the Group, being BMDi International Limited ('the Company') and its controlled entities for the half year ended 31 December 2007 and the review report thereon.

### Directors

The names of the Directors of the Company in office during or since the end of the half year are:

**Keith Cadell**  
**Independent Non-Executive Chairman**

Keith Cadell has over 20 years of experience in the medical and healthcare industry. Mr Cadell was formerly the Chief Executive Officer of Health Care of Australia (formerly Mayne Nickless hospital division) with a turnover of \$900 million and 12,000 staff. Mr Cadell was previously Director, Group Operations of Health Care of Australia prior to taking on the role of CEO and was responsible for the group financial planning, acquisitions, privatisation and co-locations and group purchasing. He was also involved in offshore feasibilities in India, Papua New Guinea, Philippines and Indonesia. More recently, Mr Cadell has been consulting to a number of private hospital groups in Australia and advising them on acquisition strategies as well as ongoing management.

He has been a Director and Chairman since 23 July 2004.

**Gary L. Lewis**  
**Managing Director**

Gary Lewis holds a Bachelor of Commerce and Masters of Business & Technology (MBT) from the University of NSW. In addition to running his own investment and marketing services businesses, Gary has worked in senior management positions in some of Australia's largest organisations, including fifteen years in the pharmaceutical industry. He has also worked with a number of Australia Public Companies over the past ten years in advisory positions, with an emphasis on corporate strategy and business development. Gary is also a director of ASX-listed Robust Resources Limited.

He has been a Director since 24 November 2006 and Managing Director since 1 March 2007.

**Peter E. Roberts**  
**Independent Non-Executive Director**

Peter Roberts has extensive experience in business and accounting for over 30 years. Mr Roberts was with Coopers and Lybrand Australia for over 20 years, where he held many senior positions including Managing Partner Darwin Office, Partner in Charge, Sydney Office Business Services Division and Partner in Charge, Sydney Office Public Sector and Healthcare Consulting Groups. He has worked with many large organisations including Qantas, Australian Consolidated Press, Consolidated Press Holdings, Northern Territory Department of Treasury, Territory Insurance Office and NSW State Rail Authority. Mr Roberts is currently Managing Director, Jenmar Australia, a global leader in manufacturing of ground support products for the mining industry. He has a Bachelor of Economics from the University of Sydney and is a Fellow of Institute of Chartered Accountants in Australia

He has been a Director since 23 July 2004.

# BMDi INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

## Directors' Report

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### **Thomas J. Mann** **Independent Non-Executive Director**

Thomas Mann has over 30 years of experience in financial markets and global trade. He began his career in the financial services industry as a stockbroker working in both Sydney and London. He then began a global trading corporation with operations in the USA, Malaysia, Thailand, Indonesia and Australia.

More recently, Mr Mann has been involved in capital raising initiatives and strategic development programs for small to mid-sized public and private companies.

He has been a Director since 17 February 2006.

### **Peter J. Nightingale** **Company Secretary**

Peter Nightingale was appointed to the position of Company Secretary on 3 May 2004.

Peter Nightingale graduated with a Bachelor of Economics degree from the University of Sydney and is a member of the Institute of Chartered Accountants in Australia. He has worked as a chartered accountant in both Australia and the USA.

As a director or company secretary Mr Nightingale has, for the past 20 years, been responsible for the financial control, administration, secretarial and in-house legal functions of a number of private and public listed companies in Australia, the USA and Europe including Pangea Resources Limited, Timberline Minerals Inc., Perseverance Corporation Limited, Valdora Minerals N.L., ETT Limited and Bolnisi Gold NL. He is currently a director or company secretary of Biotron Limited, Cockatoo Coal Limited and Planet Gas Limited.

## **Review of Operations**

The primary focus of the BMDi International Limited ("BMDi" or "the Company") continues to be on the sourcing, development and manufacture of a range of safety medical collection and injection devices targeted at reducing the incidence of sharps injuries within the global healthcare industry. In addition to marketing its own BMDi and Nomoresharps™ brands, the Company has also developed a particular expertise in medical device sourcing, including the outsourced manufacturing of medical devices and related products for distribution by major international medical device companies (OEM).

The half year ended 31 December 2007 has seen continued good progress for BMDi and its controlled entities. Sales on continuing activities are well up on the prior year, with revenues for the half year already reaching the level achieved for the full year in FY07. Key actions taken to achieve this result include:

- Increased the focus and rate of investment in new products, including:
  - Expansion of the sharps collector product portfolio, including the launch of a 'next generation' range of safety medical waste containers.
  - Expansion of the DCAP (Developing Countries Aid Projects) portfolio with the development of 7 new collection and 12 new injection products. Further enhancing our position as the specialist provider to third-world markets, BMDi has also developed a less expensive version of its market leading Nomoresharps™ Needle Disposal Unit.

# BMDi INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

## Directors' Report

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- Development is well advanced on the BMDi auto retractable safety syringe, with product being shipped to the USA for clinical evaluation and market appraisal later this year.
- Increased investment in new markets, with the expansion of the BMDi distributor base to include further market coverage in Europe, Asia, Middle East and the Sub Continent.
- Increased investment in sales and marketing, including the appointment of a product specialist to support the Terumo Corporation rollout in Australia/NZ and a greater presence at domestic and international trade shows.
- Entered into supply agreements with key manufacturing partners, thereby significantly enhancing our capability as an OEM provider. Recent agreements signed with Eversincere Sanxin and Shandong Weigao, for example, has resulted in the development and manufacture of an expanded range of products being supplied to Inviro Medical in the USA.

The business continues to deliver good margins across all product groups. The key to our future success therefore, will come from a continued focus on growing sales, rather than further reductions at the cost line.

The markets in which we operate are growing, so revenue growth must follow if we continue on the current path of new product development, distributor acquisitions and other initiatives designed to enhance the Company's market position.

### **Product Portfolio**

BMDi continues to position itself as a 'one-stop shop' for safety medical devices, which clearly differentiates it from others in the market, which typically service either end of safety medical spectrum. Key products in the portfolio include:

#### ***Safety Collection Products***

The Company's safety collection product portfolio is a core range, both internationally and in Australia. BMDi continues to develop, manufacture and source a comprehensive range of medical sharps disposal collectors, which are available in most sizes commonly used for the disposal of general medical sharps waste. With the introduction of the products sourced from Italy and UK and new products developed in-house, the Company can now compete across most market segments. The majority of new products being introduced by BMDi are two-piece, and therefore nestable, which makes them more economical to transport.

The Company's medical sharps disposal collectors have been specifically designed for simplicity of use to minimise mishandling and potential for needlestick injury or misuse of product. The collectors have been designed with a range of options which include an ergonomic grip jar lid for ease of securing the bin and added safety features such as a needle separation device, non-exit teeth on the mouth of the container to stop spillage and a unique design for capturing used syringes which prevents them from exiting the bin. The newer 'roll-top' medical sharps disposal collector provides additional safety features for 'point of use' applications particularly for use in patient accommodation and emergency care areas.

- All BMDi products meet Australian Standard AS4031 and other international standards.
- The collectors have been designed with mind to manufacturing cost and ensuring they are available to the market at a competitive price relative to other manufacturers.

# BMDi INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

## Directors' Report

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### **Safety Injection Products**

The Company has focused on developing a new range of safety syringes for its DCAP (Developing Countries Aid Projects) and first world markets. This range includes:

- AD (auto-disable) syringes – have a built-in mechanism designed to give a single injection after which the syringe is permanently locked or disabled, thereby preventing reuse of contaminated syringes and needles.
- Manual retractable safety syringes – in which, at the end of the injection stroke, the plunger engages the needle carrier and then, upon retraction of the plunger, the needle is withdrawn safely into the barrel of the syringe, encapsulating the needle to prevent needle-stick injury. The plunger is then broken off at a designated weak point to render the syringe unusable.
- Auto retractable safety syringes – as per the manual retractable safety syringes, however the needle is automatically withdrawn into barrel on firing the plunger.

In addition to the above, BMDi also has exclusive distribution rights to a range of Inviro Medical branded safety injection products including:

- InviroSTRIPE a patented technique for applying a 'writeability' white label on syringe barrels.
- InviroLINK>> Vial Access Plastic Cannula, a patented vial access safety solution that offers passive protection to healthcare workers by replacing steel needles for withdrawing medication from vials.
- InviroSNAP! range of standard disposable and manual retractable safety syringes also incorporating the InviroSTRIPE feature.

### **Nomosharps™ Needle Disposal Unit**

The Nomosharps™ needle disposal unit continues to be a key product offering for the Company, particularly in developing countries such as India where more than 15,000 units have been sold. The current model combines a high-grade stainless steel cutting device connected to a secure sharps disposal container. With the needle and syringe tip inserted in the cutting aperture, the Nomosharps™ system severs the hub from the syringe, allowing the needle pieces to fall straight into the sharps container. The remaining unusable syringe then goes to general clinical waste.

The Nomosharps™ needle disposal units provide an extremely efficient and cost effective method of medical sharps disposal. The units have been developed primarily for use in the healthcare and hospital industry in developing countries, as well as in vaccination programs sponsored by the World Health Organisation, PATH and other multilateral and unilateral aid organisations to provide safe disposal of used needles.

BMDi introduced a lower cost plastic version of the needle cutter in 2007 and has plans to launch a budget hand cutter in the current financial year.

# BMDi INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

## Directors' Report

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### ***New Product Development***

Product development continues to be a key focus of the Company, with current projects including:

- Further development of the BMDi auto retractable safety syringe, with user evaluations completed and product being shipped for clinical evaluation later this year.
- Ongoing development to enhance the sharps collector range including the new roll-top safety collector, and the launch of a new range of 'community' containers.
- Expansion of the DCAP (Developing Countries Aid Projects) portfolio with the development of 7 new collection and 12 new injection products, and the launch of a less expensive version of the Nomoresharps™ Needle Disposal Unit.
- Evaluation and trial of a number of third-party safety medical products in the Australia/NZ marketplace.
- Ongoing evaluation of other BMDi intellectual property including safety blood collection and IV therapy devices.

### **Regulatory Approvals**

During the half year, BMDi was successful in retaining ISO 13485:2003, CE Mark and Canada Health CDMAS certifications for an expanded range of medical disposable products including standard disposable syringes and needles, safety syringes, AD syringes, scalp vein sets, blood collection devices and medical sharps collectors, following an audit by the Notified Body TUV Products services Shanghai.

In July 2007, BMDi announced that the US Food and Drug Administration (FDA) had granted registration to a range of 22 safety injection products developed by the Company.

### **Intellectual Property Protection**

BMDi has continued to rationalise expenditure on intellectual property to reflect the nature and focus of the business. Considerable work has been undertaken on the development and enhancement of the Company's portfolio of medical sharps collectors, which has resulted in the need to file design registration in international jurisdictions of importance to BMDi. Intellectual property protection has been extended on the BMDi auto retractable safety syringe to include the USA, Canada, China, Europe and Japan. Protection has also been sought on the Company's brands and trademarks.

### **Acquisition of Tuta Healthcare Medical Devices Business**

In February 2008 the Directors announced that BMDi had reached agreement, subject to shareholder approval, to acquire the medical devices business of TUTA Healthcare Pty Limited ('TUTA').

TUTA is a developer, manufacturer and distributor of quality medical devices, with a specialty in intravenous plastic products. TUTA has supplied the Australian health care market for almost 50 years and its product range covers 16 product groups and over 150 listed products. Customers include hospitals and critical care services such as ambulance services and the defence forces.

TUTA has a 2,700 square metre fully integrated design, component manufacture and assembly plant and warehouse in Lane Cove, Sydney, where devices can be prototyped, manufactured and assembled under Good Manufacturing Practice (GMP) clean room conditions.

# BMDi INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

## Directors' Report

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The purchase price paid for the TUTA business is \$3.3 million payable through the issue of 60 million new BMDi shares at 5.5 cents per share. These new shares will be subject to voluntary escrow for two years from date of issue. The acquisition will significantly strengthen BMDi's revenue and profitability, with sales expected to exceed \$15 million in FY2009 and earnings per share of 2c (fully diluted).

The acquisition leverages the strengths of the TUTA and BMDi businesses, which are highly complementary in terms of customer base, manufacturing processes, sales and marketing and technical capability. Together, the combined businesses have a strong opportunity to improve margins and increase sales. Highlights of the transaction include:

- Improved financial scale and profitability.
- Broadened, lower cost manufacturing capability, with operations in Australia, China, India, and Thailand.
- Two strong brands, linking BMDi's global supply chain and TUTA's established brand of nearly 50 years in a diversified and highly competitive product portfolio.
- Complementary R&D.
- Benefits from improved management of financial, operational and management processes.
- Strengthened management team and skilled personnel.
- Expanded and more experienced Board of Directors.

### Result of Operations

The consolidated operating loss after income tax attributable to members of the Company for the half year ended 31 December 2007 was \$644,489 (2006 - \$631,995).

### Events Subsequent to Balance Date

Subsequent to 31 December 2007 the Company has reached conditional agreement, subject to shareholder approval, to acquire the medical devices business of TUTA Healthcare Pty Limited, a developer, manufacturer and distributor of quality medical devices, with a specialty in intravenous plastic products. The purchase price is \$3.3 million payable through the issue of 60 million new BMDi shares at 5.5 cents per share.

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

The Lead Auditor's Independence Declaration is set out on page 7 and forms part of the Directors' Report for the half year ended 31 December 2007.

Dated at Sydney this 29th day of February 2008.

Signed in accordance with a resolution of the directors:



Keith Cadell  
Director



**Lead Auditor's Independence Declaration  
under Section 307C of the Corporations Act 2001 to the Directors of BMDi International  
Limited**

I declare that, to the best of my knowledge and belief, in relation to the review for the financial period ended 31 December 2007, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads 'KPMG' in a cursive, stylized font.

KPMG

A handwritten signature in black ink that reads 'S.J. Board' in a cursive, stylized font.

S.J. Board  
Partner

29 February 2008

**BMDi INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES**

**CONSOLIDATED INTERIM INCOME STATEMENT  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2007**

	Notes	Consolidated 31 December 2007 \$	Consolidated 31 December 2006 \$
Revenue from sale of goods		928,771	526,812
Cost of goods sold		<u>(502,454)</u>	<u>(368,405)</u>
Gross profit		426,317	158,407
Government grants		228,710	21,849
<b>Expenses</b>			
Administration and consultants' expenses		(444,993)	(385,327)
Audit fees		(28,465)	(18,429)
Depreciation and amortisation		(27,522)	(25,175)
Advertising and marketing		(86,619)	(23,605)
Direct research and development expenses		(56,562)	(52,577)
Employee and director expenses		(302,450)	(201,666)
Rent and outgoings expenses		(27,821)	(18,578)
Travel		(106,866)	(68,703)
Other expenses		<u>(229,805)</u>	<u>(27,064)</u>
<b>Results from operating activities</b>		(656,076)	(640,868)
Financial income		<u>11,587</u>	<u>8,873</u>
<b>Net financing income</b>		11,587	8,873
Loss before related income tax expense		(644,489)	(631,995)
Income tax expense		<u>-</u>	<u>-</u>
<b>Loss for the period</b>		<u><u>(644,489)</u></u>	<u><u>(631,995)</u></u>
Basic loss per share attributable to ordinary shareholders	5	<u>(0.66) cents</u>	<u>(0.74) cents</u>
Diluted loss per share attributable to ordinary shareholders	5	<u>(0.66) cents</u>	<u>(0.74) cents</u>

**BMDi INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES**

**CONSOLIDATED INTERIM STATEMENT OF  
RECOGNISED INCOME AND EXPENSE  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2007**

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	<b>Consolidated 31 December 2007 \$</b>	<b>Consolidated 31 December 2006 \$</b>
<b>Net income recognised directly in equity</b>	-	-
<b>Loss for the period</b>	<u>(644,489)</u>	<u>(631,995)</u>
<b>Total recognised income and expense for the period</b>	<u><u>(644,489)</u></u>	<u><u>(631,995)</u></u>

**BMDi INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES**

**CONSOLIDATED INTERIM BALANCE SHEET  
AS AT 31 DECEMBER 2007**

	Notes	Consolidated 31 December 2007 \$	Consolidated 30 June 2007 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		152,249	391,682
Trade and other receivables		365,702	409,356
Inventories		2,145	23,260
Prepayments		-	12,990
Other		24,340	-
<b>TOTAL CURRENT ASSETS</b>		<u>544,435</u>	<u>837,288</u>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		186,653	178,721
Other		9,834	12,237
<b>TOTAL NON-CURRENT ASSETS</b>		<u>196,487</u>	<u>190,958</u>
<b>TOTAL ASSETS</b>		<u>740,922</u>	<u>1,028,246</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		367,526	408,877
Employee entitlements		77,510	53,319
Customer deposits		88,121	-
<b>TOTAL CURRENT LIABILITIES</b>		<u>533,157</u>	<u>462,196</u>
<b>TOTAL LIABILITIES</b>		<u>533,157</u>	<u>462,196</u>
<b>NET ASSETS</b>		<u>207,765</u>	<u>566,050</u>
<b>EQUITY</b>			
Issued capital	6	8,369,508	8,169,508
Reserves	7	86,204	-
Accumulated losses	8	(8,247,947)	(7,603,458)
<b>TOTAL EQUITY</b>		<u>207,765</u>	<u>566,050</u>

**BMDi INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES**

**CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2007**

	<b>Consolidated 31 December 2007 \$</b>	<b>Consolidated 31 December 2006 \$</b>
<b>Cash flows from operating activities</b>		
Cash receipts from customers	1,082,666	597,737
Cash paid to suppliers and employees	<u>(1,440,392)</u>	<u>(945,755)</u>
Cash generated from operations	<u>(357,726)</u>	<u>(348,018)</u>
Interest received	11,587	8,873
Payments for research and development	<u>(56,562)</u>	<u>(52,577)</u>
<b>Net cash used in operating activities</b>	<u>(402,701)</u>	<u>(391,722)</u>
<b>Cash flows from investing activities</b>		
Refund of security deposit	2,403	-
Acquisition of plant and equipment	<u>(35,455)</u>	<u>(52,910)</u>
<b>Net cash used in investing activities</b>	<u>(33,052)</u>	<u>(52,910)</u>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of shares	<u>200,000</u>	<u>-</u>
<b>Cash flows from financing activities</b>	<u>200,000</u>	<u>-</u>
<b>Net decrease in cash and cash equivalents</b>	(235,753)	(444,632)
Cash and cash equivalents at 1 July	391,682	823,280
Effects of exchange rate fluctuations on cash held	<u>(3,680)</u>	<u>(14,933)</u>
<b>Cash and cash equivalents at 31 December</b>	<u>152,249</u>	<u>363,715</u>

# BMDi INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

## CONDENSED NOTES TO THE INTERIM FINANCIAL REPORT

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### 1. Reporting entity

BMDi International Limited (the 'Company') is a company domiciled in Australia. The interim financial report of the Company for the six months ended 31 December 2007 comprises the Company and its subsidiaries (together referred to as the 'Group'). The consolidated annual financial report of the Group as at and for the year ended 30 June 2007 is available upon request from the Company's registered office at Level 8, 261 George Street, Sydney, NSW, 2000 or at [www.bmdi.net](http://www.bmdi.net).

This interim financial report was approved by the Board of Directors on 29 February 2008.

### 2. Statement of compliance

The interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reports and the Corporations Act 2001.

The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2007.

### 3. Significant accounting policies

The accounting policies applied by the Group in this interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2007.

#### Going concern

The financial report has been prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group has incurred significant trading losses of \$644,489 in the half year ended 31 December 2007 and has accumulated losses of \$8,247,947 as at 31 December 2007. The Group at 31 December had net assets of \$207,765, cash of \$152,249 and net working capital of \$11,278. The ongoing operation of the Group is dependent upon:

- the Group achieving cash flow positive trading operations in the coming twelve months; and/or
- the Company raising additional funding from shareholders and/or external parties.

The directors have prepared cash flow projections that support the ability of the Group to continue as a going concern. These cashflow projections assume significant increases in revenues compared to historical levels achieved and raising of additional funding from shareholders and external parties.

In the event that the Group does not obtain additional funding and/or achieve cash flow positive trading operations, it will be unable to continue its operations as a going concern and therefore the Group may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the financial statements.

### 4. Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2007.

# BMDi INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

## CONDENSED NOTES TO THE INTERIM FINANCIAL REPORT

	<b>Consolidated 31 December 2007 \$</b>	<b>Consolidated 31 December 2006 \$</b>
<b>5. Loss per share</b>		
Basic and diluted loss per share have been calculated using:		
Net loss for the half year	644,489	631,995
Weighted average number of ordinary shares for basic loss per share	98,201,422	85,764,264
Weighted average number of ordinary shares for diluted loss per share	98,201,422	85,764,264
<b>6. Issued capital</b>		
	<b>31 December 2007 \$</b>	<b>30 June 2007 \$</b>
<b>Issued and paid up capital</b>		
101,764,264 (30 June 2007 – 87,901,250) ordinary shares, fully paid	8,369,508	8,168,508
0 (30 June 2007 – 10,000,000) terminating preference shares, fully paid	-	1,000
	8,369,508	8,169,508

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

During the half year ended 31 December 2007:

- The Company issued 4,000,000 fully paid ordinary shares on 11 December 2007 for cash totalling \$200,000.
- 10,000,000 terminating preference shares converted to one hundred fully paid ordinary shares as associated performance hurdles were not met. These shares had not been allotted at 31 December 2007.

<b>7. Reserves</b>	<b>31 December 2007 \$</b>	<b>30 June 2007 \$</b>
<b>Option reserve</b>		
Opening balance	-	-
Issue of options	86,024	-
Closing balance	86,024	-

The issue of Company options results in a credit to the option reserve to the fair value of consideration received by the Company for issued options.

- 1,500,000 options were issued, each exercisable at 6 cents each to acquire one fully paid ordinary share at any time up to 31 August 2008.
- 1,500,000 options were issued, each exercisable at 10 cents each to acquire one fully paid ordinary share at any time up to 31 August 2009.

These options were issued to the Managing Director, Gary Lewis following a special resolution at the Annual General Meeting.

# BMDi INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

## CONDENSED NOTES TO THE INTERIM FINANCIAL REPORT

The fair value of the options at grant date was determined based on the Black-Scholes formula. The model inputs were the Company's share price of \$0.06 at the grant date, a volatility factor of 123% based on historic share price performance and a risk free interest rate of 6.33% based on the 10 year government bond rate.

	<b>Consolidated 31 December 2007 \$</b>	<b>Consolidated 31 December 2006 \$</b>
<b>8. Accumulated losses</b>		
Accumulated losses at the beginning of half year	7,603,458	6,419,789
Net loss attributable to members of the Company	644,489	631,995
Accumulated losses at the end of the half year	8,247,947	7,051,784

### 9. Financial reporting by segments

Segment information is presented in respect of the Group's geographical segments. This is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

#### Geographical segments

The Group operates wholly within the health care industry in Australia, China, India and the United States. Manufacturing facilities are operated in China and sales offices are operated in India.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

Geographical segments	Australia \$	China \$	United States \$	India \$	Consolidated Total \$
<b>31 December 2007</b>					
<b>Revenue</b>					
External segment revenue	438,133	-	457,986	32,652	928,771
Unallocated revenue					11,587
<b>Total revenue</b>					940,538
<b>Result</b>					
Segment result	276,869	(46,218)	144,168	(62,607)	312,212
Unallocated corporate expenses					(956,701)
<b>Net loss</b>					(644,489)
<b>Assets</b>					
Segment assets	491,863	132,385	90,294	26,381	740,922
Unallocated corporate assets					-
					740,922
Including non-current assets acquired during the year:					
Plant and equipment	-	35,455	-	-	35,455
<b>Segment liabilities</b>	315,745	-	210,208	7,204	533,157

**BMDi INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES**

**CONDENSED NOTES TO THE INTERIM FINANCIAL REPORT**

**9. Financial reporting by segments (Con't)**

<b>Geographical segments</b>	<b>Australia</b>	<b>China</b>	<b>India</b>	<b>Consolidated Total</b>
	\$	\$	\$	\$
<b>31 December 2006</b>				
<b>Revenue</b>				
External segment revenue	377,421	-	149,391	526,812
Unallocated revenue				8,873
<b>Total revenue</b>				<u>535,685</u>
<b>Result</b>				
Segment result	94,637	-	(30,352)	64,285
Unallocated corporate expenses				(696,280)
<b>Net loss</b>				<u>(631,995)</u>
<b>Assets</b>				
Segment assets	493,556	112,848	267,169	873,573
Unallocated corporate assets				-
				<u>873,573</u>
Including non-current assets acquired during the year:				
Plant and equipment	-	44,639	8,271	52,910
<b>Segment liabilities</b>	<u>399,434</u>	-	16,415	<u>415,849</u>

**10. Subsequent events**

Subsequent to 31 December 2007 the Company has reached conditional agreement, subject to shareholder approval, to acquire the medical devices business of TUTA Healthcare Pty Limited, a developer, manufacturer and distributor of quality medical devices, with a specialty in intravenous plastic products. The purchase price is \$3.3 million payable through the issue of 60 million new BMDi shares at 5.5 cents per share.

# BMDi INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

## DIRECTORS' DECLARATION

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In the opinion of the directors of BMDi International Limited ("the Company"):

- (1) the financial statements and notes, set out on pages 8 to 15, are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of the Group as at 31 December 2007 and of its performance for the half year ended on that date; and
  - (ii) complying with AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 29th day of February 2008

Signed in accordance with a resolution of the directors:



Keith Cadell  
Director



## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BMDi INTERNATIONAL LIMITED

We have reviewed the accompanying interim financial report of BMDi International Limited, which comprises the consolidated interim balance sheet as at 31 December 2007, consolidated interim income statement, consolidated interim statement of recognised income and expense and consolidated interim cash flow statement for the half year ended on that date, a statement of significant accounting policies and other explanatory notes 1 to 10 and the directors' declaration set out on pages 8 to 16 of the Group comprising the company and the entities it controlled at the half year's end or from time to time during the half year.

### **Directors' Responsibility for the Financial Report**

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility**

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's financial position as at 31 December 2007 and its performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001. As auditor of BMDi International Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of BMDi International Limited is not in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2007 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

### **Material Uncertainty Regarding Continuation as a Going Concern**

Without qualifying our conclusion, we draw your attention to Note 3 in the financial report which indicates that the Group incurred a net loss of \$644,489 during the half-year ended 31 December 2007, has a history significant trading losses and has limited working capital. These conditions, along with other matters as set forth in Note 3 indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

**KPMG**  
29 February 2008

**S.J. Board**  
Partner

# BMDi INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

## CORPORATE DIRECTORY

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### Directors:

Keith Cadell (Independent Non-Executive Chairman)  
Gary L. Lewis (Managing Director)  
Thomas J. Mann (Independent Non-Executive Director)  
Peter E. Roberts (Independent Non-Executive Director)

### Company Secretary:

Peter J. Nightingale

### Chief Operating Officer:

Robert Krakowiak

### Registered Office:

Level 8, 261 George Street  
SYDNEY NSW 2000  
Phone: 61-2 9247 5087  
Fax: 61-2 9247 3932  
E-mail: enquiries@bmdi.net  
Homepage: www.bmdi.net

### Postal Address:

Mezzanine Level  
3 Spring Street  
Sydney NSW 2000  
Phone: 61-2 8249 4375  
Fax: 61-2 8249 4933

### Share Registrar:

Computershare Investor Services Pty Limited  
PO Box 523  
BRISBANE QLD 4001  
Phone: 61-7 3237 2100  
Fax: 61-7 3229 9860

### Auditors:

KPMG  
Level 11, Corporate Centre One  
Cnr Bundall Road & Slayter Avenue  
BUNDALL QLD 4217

### Home Exchange:

Australian Stock Exchange Limited  
20 Bridge Street  
SYDNEY NSW 2000

### Solicitors:

Minter Ellison  
88 Phillip Street  
SYDNEY NSW 2000

BMDi International Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.