IMD GROUP LIMITED
ABN 30 096 048 912

IMD GROUP LIMITED

PROSPECTUS

FOR THE ISSUE OF 25 MILLION NEW SHARES AT AN ISSUE PRICE OF 20 CENTS EACH TO RAISE $5 MILLION. OVERSUBSCRIPTIONS MAY BE ACCEPTED THROUGH THE ISSUE OF A FURTHER 10 MILLION NEW SHARES TO RAISE AN ADDITIONAL $2 MILLION.

THIS IS A REPLACEMENT DOCUMENT WHICH REPLACES A PROSPECTUS WHICH WAS DATED AND LODGED BY IMD GROUP LIMITED WITH ASIC ON 2 NOVEMBER 2004.

www.imdgroup.com.au

CORPORATE DIRECTORY

IMD Group LIMITED
ABN 30 096 048 912

DIRECTORS
Mr Keith Cadell (Chairman)
Mr Robert J Archer (Managing Director)
Dr Steve E J Andersen
Mr Peter E Roberts

COMPANY SECRETARY
Peter J Nightingale

REGISTERED OFFICE
Level 8, 261 George Street
SYDNEY NSW 2000 Australia
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Fax: +61-2 9247 7273
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Website: www.imdgroup.com.au

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AUDITORS
KPMG
Level 30, Central Plaza One
345 Queen Street
BRISBANE QLD 4000 Australia

SHARE REGISTRY
Computershare Investor Services Pty Limited
Level 27, 345 Queen Street
BRISBANE QLD 4000 Australia

IMPORTANT DATES

Lodgement Date 11 November 2004

Exposure Period Ends 16 November 2004

Expected Opening Date 17 November 2004

Expected Closing Date 1 December 2004

Expected Allotment Date 15 December 2004

Expected Date of ASX Listing 20 December 2004

These dates are indicative only and subject to change. The Company reserves the right to vary all or any dates without prior notice.

This Prospectus is issued by IMD Group Limited ('the Company') for the Offer of 25 million new Shares at an issue price of 20 cents each to raise $5 million payable in full on Application. Oversubscriptions may be accepted through the issue of a further 10 million new Shares to raise an additional $2 million.

Applicants should consult their professional advisors for the purpose of making an informed assessment of the assets and liabilities, financial position, performance and prospects of the Company and the rights attaching to and the speculative nature of the Shares.

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DEFINITIONS

Certain words and terms used in this Prospectus have defined meanings which appear in **Section 10** of this Prospectus. The financial amounts expressed in this Prospectus are expressed in Australian currency unless stated otherwise. All references in this Prospectus to time refer to AEST unless stated otherwise.

EXPOSURE PERIOD

This Prospectus will be made generally available during the Exposure Period by being posted on the Company's website at **www.imdgroup.com.au**. In addition, copies of the Prospectus will be available on request to members of the public by contacting the Company on +61-2 9247 5087.

The Corporations Act prohibits the Company from processing Applications in the seven day Exposure Period after the date of lodgement of this Prospectus. This period may be extended by ASIC up to a further seven days.

The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that such examination may result in the identification of deficiencies in the Prospectus and, in those circumstances, any Application and subscription money that has been received will be dealt with in accordance with Section 724 of the Corporations Act.

DATE

This Prospectus is dated and was lodged with the ASIC on 11 November 2004. Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

No Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

ELECTRONIC/ PAPER PROSPECTUS

This Prospectus is available in electronic form at the Company's website at **www.imdgroup.com.au** or in paper form by contacting the Company. Any person may obtain a paper copy of the Prospectus free of charge on request during the period of the Offer by telephoning the Company on +61-2 9247 5087.

Any person accessing the electronic version of this Prospectus for the purposes of becoming a shareholder must be an Australian resident and must only access the Prospectus from within Australia.

Persons who receive the electronic version of this Prospectus should ensure that they download and read the entire Prospectus.

FOREIGN JURISDICTIONS

This Prospectus, whether in electronic or paper form, does not constitute an offer of Shares in any jurisdiction where or to any person to whom it would not be lawful to make such an offer. Access to this Prospectus by persons outside of Australia is not permitted. Any recipient of this Prospectus residing outside Australia should consult their professional advisors on requisite compliance requirements. It is the responsibility of any overseas Applicant to ensure compliance with all laws of any country relevant to their Application. The return of a duly completed Application will be deemed to be a representation and warranty by the Applicant that there has been no breach of such laws. The Company is entitled to refuse an Application for Shares under this Prospectus if it believes the Applicant did not receive an Offer in Australia.

APPLICATIONS

Applications for Shares can only be made by completing the Application Form in full which is attached to or accompanying a hard copy of this Prospectus or a paper copy printed with an electronic version of this Prospectus, in accordance with the instructions in this Prospectus. The Company will not accept Application Forms electronically or by facsimile.

The Application Form may only be distributed attached to a complete and unaltered copy of the Prospectus. The Application Form included with this Prospectus contains a representation that the investor had personally received the complete and unaltered Prospectus prior to completing the Application Form.

The Company will not accept a completed Application Form if it has reason to believe that the Applicant has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Application Form or electronic copy of the Prospectus has been altered or tampered with in any way.

The Company will not accept Applications during the Exposure Period and no preference will be given to persons who lodge their Application Forms during the Exposure Period.

Completed Applications must be received by the Company no later than 5.00 pm on 1 December 2004.

APPLICATION MONIES AND REFUNDS

Application monies received will be held in bank accounts for applicants pending transfer and allotment of the Shares offered under this Prospectus (or until application monies are refunded if the Offer does not proceed). Where no allocation is made or where the number of Shares allocated is less than the number applied for, surplus application monies will be refunded. Interest will not be paid on refunded application monies and any interest earned on application monies pending allocation or refund will become an asset of the Company.

READ PROSPECTUS

Applicants should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and prospects of the Company and the rights attaching to the Shares offered by this Prospectus before deciding to apply for Shares. If you do not understand this Prospectus, you should consult your sharebroker, accountant or other professional advisor without delay in order to satisfy yourself as to the contents of this Prospectus.

The Shares offered by this Prospectus are speculative in nature.

PRIVACY

In submitting an Application Form, an Applicant will be required to provide certain personal information on the Application Form for the purposes of enabling the Company to register that Applicant as the holder of a Share, to enter relevant information in the Company's register of members and to enable the Company to contact that Applicant. At all times, personal information may be required to be disclosed by the Company to the Australian Taxation Office, or other government authorities or agencies as required by law. Such information may be disclosed to an Applicant's accountants, financial advisors and others where the Applicant's authority has been received. All personal information so collected will be collected, used and stored by the Company for the purposes required by the Corporations Act or for direct and permitted communication by the Company with the Applicant.

Under the Privacy Act 1988 (Cth), you may request access to your personal information held by or on behalf of the Company or Share Registry. You can request access to your personal information by telephoning or writing to the Company through the Share Registry as follows:

IMD Group Limited
c/- Computershare Investor Services Pty Ltd
Level 27, 345 Queen Street
Brisbane QLD 4000 Australia

LETTER FROM THE CHAIRMAN

Dear Investor,

It is a pleasure to present the Prospectus on behalf of the Board of Directors of IMD Group Limited.

The IMD Group is an Australian based group which specialises in the design, development, manufacture and distribution of medical and environmental products.

To this end, the IMD Group has developed 3 products groups for the global health community:

1) A comprehensive range of medical sharps disposal containers.

2) Nomoresharps` needle disposal unit.

3) Manual retractable safety syringes in 1cc, 3cc, 5cc and 10cc sizes.

Needle stick injury is a serious health problem throughout the world. In the USA, there are more than 1 million needle stick injuries each year. Marketing numbers place the global syringe expenditure at around US$2.5 billion a year. It is believed that the majority of these syringes are the conventional disposable type whilst around 6 billion are the safety syringe style.

Obviously the number of safety syringes types utilised will increase as health providers continue to confront the serious issue of needle stick injury and the resultant infectious diseases such as HIV and Hepatitis.

The IMD Group has established manufacturing facilities in China for its three products groups. China was selected as the manufacturing base as it not only has the capacity to manufacture a diverse range of medical products but also, we believe, our products are well priced to allow us to be competitive in our target markets.

To control and monitor the distribution process of our product range we have established regional offices in Florida (USA), Mumbai (India) and Hunan Province (China).

The IMD Group has already established a distribution arrangement in the USA with Exelint International Co., an American medical products distribution company, which has agreed to be the sole distributor of IMD Group products for a period of 2 years following achievement of certain USA approvals.

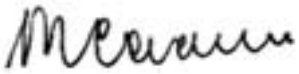
Further, the creation of regional offices in India and China provides a strategic entry point for our products into developing countries. The Company has already been successful in marketing its Nomoresharps` needle disposal unit and medical sharps disposal containers in India and medical sharps disposal containers in Australia.

Maximum emphasis is being placed on marketing our products to provide the necessary cash flow for the day-to-day operation of the business and to provide further funds for investment in research and development.

The Company is expanding its product range and is currently developing 1cc, 3cc, 5cc and 10cc Auto Retractable Syringes and IV therapy devices including a standard and safety product range.

With our existing price competitive products, distribution arrangements and planned new products, the Board believes that the IMD Group is an excellent investment opportunity in the global health industry.

Yours faithfully



Keith Cadell
Chairman

INVESTMENT HIGHLIGHTS

1.1 SUMMARY

IMD Group Limited and its subsidiaries ('IMD Group') (refer **Section 3** of this Prospectus), trading as International Medical Development Group and BMDi has developed, is manufacturing and distributing a range of medical devices which are targeted at reducing the incidence of sharps injuries within the global health care industry.

Key achievements of the IMD Group include:

- An existing range of products being manufactured (refer **Sections 1.2, 4 and 6** of this Prospectus).
- Established manufacturing capabilities both owned and through contracted facilities (refer **Sections 1.3 and 4.4** of this Prospectus).
- Regulatory approvals of certain products and manufacturing facilities (refer **Sections 1.4 and 3.7** of this Prospectus).
- Existing distribution agreements and capabilities in key markets (refer **Sections 1.5, 3.6 and 9.1** of this Prospectus).
- Further product ranges which are in the research and development pipeline (refer **Section 4.2** of this Prospectus).

1.2 PRODUCTS

The IMD Group is currently manufacturing 3 product groups with a number of other products under development (refer **Section 4** of this Prospectus).

The IMD Group's immediate focus is on the manufacture and distribution of three lead product groups:

- Medical sharps disposal containers.
- The Nomoresharps™ needle disposal unit.
- Manual retractable safety syringes in 1cc, 3cc, 5cc and 10cc sizes.

Certain IMD Group technologies have granted patents or patent applications, design registrations or trade marks to protect the intellectual property developed or acquired by the IMD Group (refer **Section 6** of this Prospectus).

In addition to these lead product groups which are currently being manufactured, the IMD Group has a number of other products under development (refer **Section 4.2** of this Prospectus).

1.3 MANUFACTURING

The IMD Group began manufacturing needle disposal units and medical sharps disposal containers in 2002 and started first stage production planning and tooling for the manual retractable safety syringe range in 2003. Established manufacturing facilities in China (refer Section 4.4 of this Prospectus) are as follows:

- An IMD Group factory in Hubei Province which manufactures rubber luers and gaskets for the manual retractable safety syringe range (excluding the 1cc syringe luers and gaskets).
- Four factories manufacturing under contract in Fujian, Anhui, Shandong and Guangdong provinces which manufacture the IMD Group medical sharps disposal containers, needle disposal units and manual retractable safety syringes.

1.4 STANDARDS

IMD Group products and manufacturing facilities have been certified to comply with the CE Standard as well as the relevant Australian Standards and are pending other forms of regulatory approvals (refer **Sections 3.7 and 9.1** of this Prospectus).

1.5 DISTRIBUTION

The IMD Group has established, or is well advanced in the following distribution arrangements (refer **Section 3.6 and 9.1** of this Prospectus):

- Exelint International Co. - exclusive distributor for the USA market.
- Program for Appropriate Technology in Health (PATH) - already ordered 14,000 Nomoresharps™ needle disposal units and 28,000 medical sharps disposal containers and currently exploring further opportunities in India and other developing countries.
- World Health Organisation (WHO) - currently conducting a field trial in Ukraine.
- India - two distributor agreements in place.

1.6 SUMMARY

The IMD Group has an established global network of staff and consultants to manage the manufacture of its products in China, distribution of its products in India, the USA, China and Australia and the development of further product ranges. Under the direction of its Board of Directors, the IMD Group is poised to expand its manufacturing capacities and the distribution of its lead product groups and to expand its product range and markets.

(IMD Group Medical Sharps disposal containers and needle disposal unit)

SUMMARY OF THE OFFER

2.1 THE OFFER

By this Prospectus, the Company seeks to raise $5 million by offering for subscription 25 million new Shares at an issue price of 20 cents each, payable in full on Application. The minimum subscription amount is $5 million and oversubscriptions may be accepted through the issue of a further 10 million new Shares to raise an additional $2 million.

2.2 PURPOSE OF THE OFFER AND USE OF FUNDS

The raised funds will be used primarily for:

- Tooling costs and expansion of the IMD Group's manufacturing capacities in particular completion of tooling to enable full scale commercial production of the manual retractable syringe range.
- Research and development of the IMD Group's intellectual property, including automatically retractable syringes, blood collection devices and expansion of the range of medical sharps disposal containers.
- Finalisation of regulatory approvals, including USA Food and Drug Administration (FDA) approval of the 3cc manual retractable safety syringe.
- Expansion and development of the IMD Group's distribution network.
- Corporate overheads of the Company and costs of the Offer.
- Discretionary expenditure on research and development of further product ranges.

Funds raised pursuant to this Prospectus, which may be supplemented by other potential revenue, are proposed to be used as follows:

	A$000
Tooling costs and expansion of manufacturing capacities	1,046
Research and development	1,173
Distribution costs	1,209
Regulatory approvals	155
Licence fees	50
Costs of the Offer	440
	4,073
Cash remaining for working capital and further product research & development	927
Total	**5,000**

The above statement of use of funds is based on best estimates and assumptions about future events. These estimates and assumptions may not occur and the Directors reserve the right to utilise the Company's funds in the manner they believe is most appropriate for the Company to achieve success. The actual utilisation of funds may differ from the projections contained in this Prospectus, and successful operating and research and development results may lead to a need for additional funding requirements.

The Board is of the opinion that there will be sufficient working capital to carry out the stated objectives if only the minimum subscription of $5 million is raised.

If the Company fails to raise the minimum subscription of $5 million by the Closing Date of the Offer (or such other date as the Directors may determine), the Company will refund all application monies in accordance with Section 724 of the Corporations Act.

If oversubscriptions of up to $2 million (making a total of $7 million) are accepted by the Directors, the additional funds will be applied to discretionary expenditure on research and development of further product ranges and for working capital purposes.

2.3 CAPITAL STRUCTURE

The capital structure of the Company immediately following the issue of Shares under this Prospectus including the maximum subscription will be as follows:

	Minimum Subscription of 25 million Shares	%	Maximum Subscription of 35 million Shares	%
Founder Shares	38,500,264	51.4	38,500,2644	5.3
Seed Capital Shares	11,400,000	15.2	11,400,000	13.4
Shares Offered under this Prospectus	25,000,000	33.4	35,000,000	41.3
Total Shares on Issue	74,900,264	100.0	84,900,264	100.0

In addition to the Shares on issue in the table above, the Company has 10,000,000 Performance Shares on issue (refer **Section 9.2** of this Prospectus). These Performance Shares are subject to a performance hurdle which, if met, will result in each Performance Share converting to one Share. If the performance hurdle is not met each Performance Share will convert to 1/100,000th of a Share.

The performance hurdle is that the IMD Group reports a net profit attributable to members of the parent entity before income tax and adjusted for interest of greater than $0 for any six month reporting period to 31 December or 30 June commencing in the first 3 years after the Company is listed on the ASX.

2.4 HOW TO APPLY

An Application for Shares can only be made on the Application Form attached to or accompanying a complete and unaltered copy of this Prospectus. The Application must be completed in accordance with the instructions set out on the Application Form. All Applications for Shares must be for a minimum of 10,000 Shares ($2,000) and after that in multiples of 2,500 Shares ($500).

Applications for Shares must be accompanied by a cheque in Australian currency and made payable to "IMD Group Limited – Share Issue Account" and crossed "Not Negotiable".

Applicants should not forward cash. Receipts for payment will not be issued.

The completed Application Form, together with the cheque(s) for the Application monies should be mailed or delivered to the Company's Registered Office:

IMD Group Limited
Level 8, 261 George Street
Sydney, NSW 2000, Australia

Application Forms must be received no later than 5.00pm AEST on 1 December 2004, unless the Closing Date is varied. Successful Applicants will be advised of their holding following allotment of the Shares. The Directors reserve the right to reject any Application or to allocate to any Applicant a lesser number of Shares than that applied for. If an Application Form is not completed correctly, or if the amount of the accompanying payment is incorrect, it may still be accepted by the Directors. The Directors' decision as to whether to accept the Application, or how to construe, amend or complete the Application shall be final, but no Application will be treated as having offered to purchase more Shares than is indicated by the amount of the cheque accompanying the Application Form.

2.5 RIGHTS ATTACHING TO SHARES OFFERED UNDER THIS PROSPECTUS

The Shares will rank equally with all other Shares following allocation. The rights attaching to Shares are detailed in the Constitution. A summary of the rights attaching to the Shares is set out in **Section 8.1** of this Prospectus.

2.6 INVESTOR ENQUIRIES

Any potential investor wishing to make an enquiry about the Issue or requiring additional copies of this Prospectus should contact the Company at the address listed in the Corporate Directory of this Prospectus.

2.7 MINIMUM SUBSCRIPTION

The minimum subscription for the Offer is $5 million comprising 25 million new Shares. No Shares will be allotted under this Prospectus until the minimum subscription for the Shares has been reached.

If the Company fails to raise the minimum subscription of $5 million the Company will refund all application money in accordance with Section 724 of the Corporations Act.

2.8 WITHDRAWAL

The Directors may at any time decide to withdraw this Prospectus and the Offer, in which case the Company will return all Application monies as soon as practicable. No interest will be paid on any application monies refunded as a result of withdrawal of this Prospectus.

2.9 AUSTRALIAN STOCK EXCHANGE LISTING

The Company will apply to ASX within seven days after the date of this Prospectus for the Company to be admitted to the Official List of ASX and for official quotation of its Shares on ASX. If the Application is not made within the seven days or the Shares are not admitted to quotation within three months after the date of this Prospectus, any Application and the subscription money received will be dealt with in accordance with Section 724 of the Corporations Act.

The fact that ASX may admit the Company to the Official List is not to be taken in any way as an indication of the merits of the IMD Group.

Escrow restrictions may be imposed on some or all of the Founder Shares and Seed Capital Shares in accordance with the ASX Listing Rules.

2.10 CHESS

The Company will apply to participate in CHESS pursuant to the ASX Listing Rules and the SCH Business Rules. In addition to a CHESS sub-register operated by ASX on the Company's behalf, the Company will operate an issuer sponsored sub-register. These two sub-registers together will make up the Company's register of members. A successful Applicant that elects to hold its securities on the issuer sponsored sub-register will be provided with a holding statement (similar to a bank account statement) which sets out the number of securities allotted to the Applicant under this Prospectus. For a successful Applicant that elects to hold its securities on the CHESS sub-register, the Company will, on allotment, issue an advice to the Applicant that sets out the number of securities allotted to the Applicant under this Prospectus and, at the end of the month of allotment, ASX (acting on behalf of the Company) will provide the Applicant with a holding statement that confirms the number of securities allotted. The Company will not issue certificates to successful Applicants. A holding statement (whether issued by the ASX or the Company) will also provide details of a successful

(IMD Group manual retractable safety syringe)

Applicant's Holder Identification Number (in the case of a holding on the CHESS sub-register) or Securityholder Reference Number (in the case of a holding on the issuer sponsored sub-register). Following distribution of these initial holding statements to all successful Applicants, a holding statement will only routinely be provided to a Securityholder at the end of any subsequent month during which the balance of the Securityholder's holding of securities changes. Additional holding statements may be requested at any other time (although an administration fee may be charged).

2.11 OVERSEAS INVESTORS

The distribution of this Prospectus in jurisdictions outside of Australia may be restricted by law and any person who receives this Prospectus should inform themselves about and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an Offer of Shares in any jurisdiction where, or to any person to whom it would not be lawful to issue the Prospectus. It is the responsibility of any overseas Applicants to ensure compliance with all laws of any country relevant to their Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation or warranty made by the applicant to the Company that there has been no breach of such laws and that all necessary approvals and consents have been obtained.

The Shares have not been and will not be registered under the United States Securities Act of 1933 and they may not be offered or sold in the United States or to, or for the account of, or for the benefit of, United States persons except in transactions exempt from the requirements of the United States Securities Act. Accordingly, neither this Prospectus nor the Application Form may be sent to investors in the United States or otherwise distributed in the United States.

THE IMD GROUP

3.1 HISTORY AND PURPOSE

IMD Group Limited was incorporated under the Corporations Law of NSW on 28 February 2001 as Bio Medical Holdings Pty Ltd. On 17 September 2004, the Company changed its name and status to IMD Group Limited, a public company limited by shares.

The Company's registered and corporate office is located in Sydney and its principal business address is in Wollongong, New South Wales.

The primary purpose of the IMD Group is to develop, manufacture and distribute a range of medical devices which are targeted at reducing the incidence of sharps injuries within the global health care industry.

3.2 CORPORATE STRUCTURE

IMD Group Limited is the parent of five controlled entities:

- Bio Medical Operations Australia Pty Limited (ACN 096 997 643) (BMOA) 100% owned.
- Bio Medical Developments International Pty Ltd (ACN 106 455 207) (BMDi) 70% owned.
- Xiang Fan Health Care Technology Plastic Manufacturing Co. Ltd (Xiang Fan) 100% owned by BMDi.
- IMD Consulting Pty Ltd (ACN 109 500 665) 100% owned.
- International Water Systems Pty Ltd (ACN 109 385 453) 100% owned.

BMOA

BMOA will be the principal operating company for the IMD Group. Other than the products that are subject to the Joint Venture Agreement with JPt Syringe (S) Pte. Ltd. (refer **Section 9.5** of this Prospectus), all IMD Group products will be manufactured and distributed by BMOA under the BMDi brand name.

BMDi

BMDi was established for the purpose of producing and marketing a range of JPt Syringe products, including the JPt Non-Reusable Syringe, the JPt Retractable Syringe, the Multi-Med-uses Retractable Non-Reusable Syringe and the Vacuum Auto Retractable Safety Syringe.

These products, the medical sharps disposal containers and the Nomoresharps™ needle disposal units will be manufactured and distributed by BMDi.

BMDi has a registered trademark and CE compliance certification which it has licensed to the Company and any of its subsidiaries.

The Company owns 70% of BMDi. The remaining 30% of BMDi is owned by JPt Syringe (S) PTE. LTD., a Singaporean company that is controlled by Mr Teng Jun Piao, the original inventor of the JPt Syringe products and the Head of Manufacturing Operations in China for the IMD Group.

Xiang Fan

Xiang Fan was incorporated in China on 13 April 2004 for the explicit purpose of manufacturing the luer and gasket component of the IMD Group manual retractable syringes (excluding the 1cc syringe luers and gaskets).

Xiang Fan has signed a lease in the Xiang Fan High-New Tech Zone in Hubei Province and produces luers and gaskets for supply to the Anhui Kangda Medical Products Group who manufacture and assemble the syringes.

Xiang Fan has a duration of 15 years under Chinese law.

Other Controlled Entities

IMD Consulting Pty Ltd has been incorporated to potentially provide international marketing and business advisory consulting services to the health care industry. IMD Consulting Pty Ltd is currently dormant.

International Water Systems Pty Ltd has been incorporated to potentially commercialise a water transfer system that may have applications in developing countries in which the IMD Group has a marketing presence. International Water Systems Pty Ltd is currently dormant.

3.3 ORGANISATIONAL STRUCTURE

The IMD Group's principal business address is located in Wollongong, New South Wales where it has established leased administration and warehouse facilities. To implement the IMD Group's business objective, operations have been established in the following overseas locations:

- Ponta Vedra, Florida, USA for distribution and business development in the USA and to manage the Exelint International Co. distribution agreement (refer **Section 9.1** of this Prospectus).
- Mumbai, India for distribution and business development for the Sub-Continent, African and the Middle East, including the fulfilment of the Nomoresharps™ needle disposal unit contract (refer **Section 9.1** of this Prospectus).
- Changsha National High - Technology Industrial Development Zone, Lu Valley, Changsha, Hunan Province, China for Greater China (China, Hong Kong and Taiwan) distribution and business development.
- Xiang Fan, Hubei for China operations covering research and development, quality control, tooling, logistics and manufacturing operations of luers and gaskets.

3.4 OBJECTIVE AND STRATEGY

The IMD Group is in the process of establishing manufacturing facilities and distribution channels for its existing lead product range.

The IMD Group's principal objective is to develop these manufacturing facilities and distribution channels and to apply discretionary funds for the research and development of further products.

The IMD Group's core strategy is based on innovation, manufacturing capacity and on time delivery of quality products at globally competitive prices. Maintaining this strategy should provide the IMD Group with an opportunity to achieve its principal objective and thus enable market entry as health care providers look to procure simple to use occupational health and safety compliant products with minimal impact on operational budgets. The IMD Group's lead product ranges of medical sharps disposal containers, needle disposal units and safety syringes offers solutions to the challenges confronting the health care industry in both developed and developing countries.

3.5 GLOBAL MARKETS

Globally there is a groundswell by organisations like PATH, WHO, UNICEF, the Red Cross and governments which is generating enormous attention to the world-wide problem of the safe disposal and avoidance of the reuse of syringes.

Further, needle-stick injury is a significant problem throughout the world. In an effort to prevent the spread of blood-borne pathogens such as HIV and hepatitis, governments and health care operators around the world are seeking solutions to needlestick injuries. It is estimated that there are between six hundred thousand and one million needle-stick injuries in the USA each year, and there were more than 13,000 reported cases of needle-stick injuries amongst doctors, nurses and other health care workers in Australia in 1998.

In November 2000, USA President Clinton signed the Needlestick Safety and Prevention Act, making it mandatory for individual states in the USA to enact legislation to require employers in the health care industry to identify, evaluate and implement safer medical devices.

WHO has estimated that each year worldwide unsafe injection practises by health care workers cause an estimated 8 to 16 million hepatitis B infections, 2.3 to 4.7 million hepatitis C infections and 80,000 to 160,000 infections of HIV/AIDS.

Marketing statistics put the total annual syringe expenditure at US $2.5 billion. IMD Group estimates that in the US there is already 6 billion safety syringes used each year and growing.

3.6 TARGET MARKETS

The IMD Group is focused on taking the IMD Group products to those markets which provide the more immediate opportunity for success and sustainable longer-term growth and profitability.

The most immediate opportunities for achieving international growth are in the four markets (Australia, USA, India and China) where the IMD Group has an established presence.

Australia

The IMD Group has a warehouse facility based in Wollongong that will be used as the hub for distribution of product into the Australian market.

The IMD Group has identified pathology and private hospital groups, group purchasing organisations (GPOs), State Health Departments and waste management companies as potential key accounts for the its lead product groups and has had discussions and enquiries from several waste management and pathology companies within Australia.

USA

The IMD Group has a distribution agreement in place with Exelint International Co. (Exel) (refer **Section 9.1** of this Prospectus) for the exclusive distribution of certain IMD Group products in the USA.

The term of the agreement is 2 years and is conditional upon the IMD Group obtaining FDA approval (FDA 510K approval) for the importation of the IMD Group manual retractable safety syringe to the USA.

Headquartered in Los Angeles, Exel also has market coverage in Japan, Korea, and Europe and, with 90 sales representatives covering the USA and existing contracts with most of the distribution companies and GPOs that the IMD Group is targeting.

IMD Group product will be "white labelled" as part of this agreement and branded Exel product. The agreement between IMD Group and Exel enables IMD Group to leverage the awareness and marketing power of Exel in order to gain product awareness and market share, hence the re-branding of the IMD Group products under the Exel brand. This will enable product information to be promoted on the Exel website, in company literature and in any sales promotion activities.

The IMD Group has an office located in Ponta Vedra, Florida with the primary objective of assisting and working with the Exel sales team, as well as promoting the products to our key customer targets.

India

According to The Economic Times Health care 2001-02 Report, India's health care industry grew at 13% per annum over the last decade and is currently growing at 17% annually. The report expects the cost of health care delivery to reach 1,862 billion Rupees ($74.0 billion) by 2005-06.

An increasingly affluent and more consumer-orientated middle class population of over 100 million who are seeking and willing to pay for a higher standard of health care is propelling the growth. The private sector is playing an increasingly important role in the provision of health care services.

According to a theme paper on health care produced by the Confederation of Indian Industry, the private sector attends to over 75% of medical complaints and accounts for 88% of total health expenditure.

The IMD Group is establishing a branch office in Mumbai as the IMD Group's sales and marketing headquarters for the region. Following an exhaustive study by the PATH organisation, the IMD Group's Nomoresharps™ needle disposal unit has been selected as the product for an immunisation program PATH are running with the Andhra Pradesh Government in India.

(Child Immunisation Clinic in Andhra Pradesh, India)

The program is designed to render syringes un-reusable by severing the needle from the hub of the syringe and capturing the needle in a medical sharps disposal container for secure destruction. The IMD Group's contracted manufacturer in India will supply 14,000 Nomoresharps™ needle disposal units and 28,000 medical sharps disposal containers for distribution to clinics throughout Andhra Pradesh.

There are indications that this concept may be adopted across other states of India, as well as other developing countries, until safety syringes are able to be afforded in these countries.

The Nomoresharps™ needle disposal unit is the IMD Group's pioneering product to enter certain markets, with the ultimate goal being to sell a full range of products into these markets.

China

According to the China Medical Device Association, the total demand for syringes in China is in excess of 3 billion per annum. Research conducted by the IMD Group in China indicates that the demand for 5 litre sharps containers alone is around 30 million per annum.

In addition to the manufacturing operations in China, the IMD Group has established a distribution office in the Changsha National High Technology Industrial Development Zone in the Lu Valley.

The IMD Group is currently investigating the processes involved in having its range of safety syringe products registered with the Chinese Ministry of Health and Food & Drug Administration with a view to having a network of specialist distributors appointed and actively promoting and selling IMD Group products.

Prior to gaining these registrations, the IMD Group is able to promote and sell its range of medical sharps containers and Nomoresharps™ needle disposal unit to health care facilities, NGOs and aid agencies operating throughout China.

Other Markets

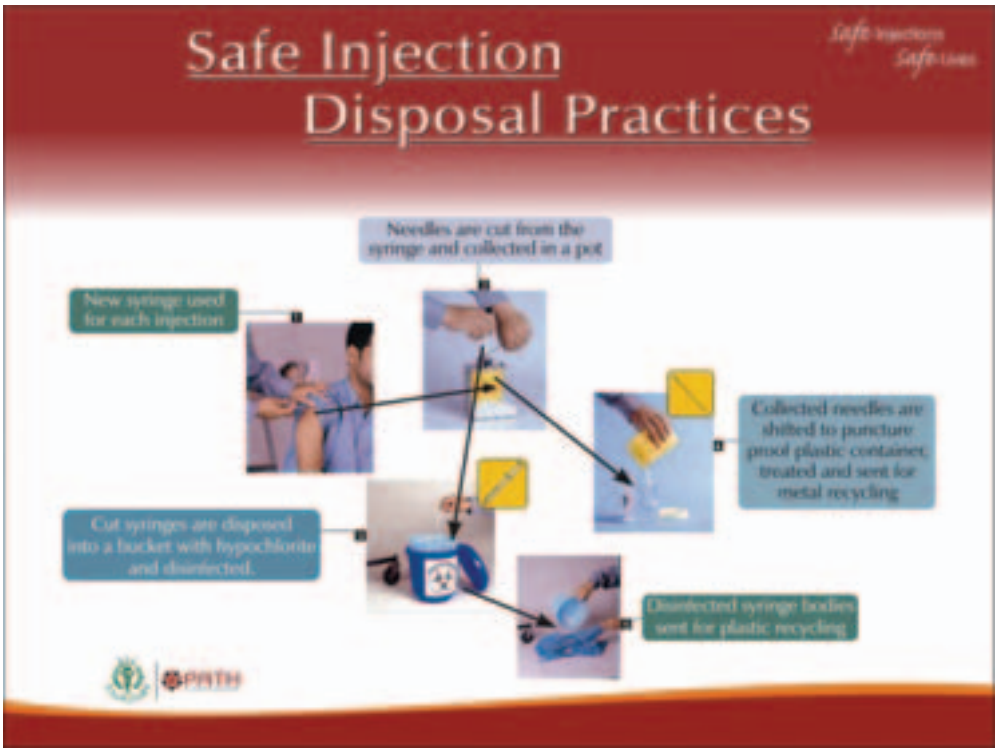
The IMD Group has been invited to participate in a trial with the Swiss Red Cross, Kyrgyzstan-Swiss Health Reform Support Project which is being funded by the Swiss Agency for Development and Co-operation. The IMD Group has supplied a quantity of the Nomoresharps™ needle disposal units for evaluation with the potential for bulk orders if the trial is successful.

The IMD Group medical sharps disposal containers are used both with and without the needle disposal units and thus opening up the opportunity for IMD Group to offer a complete package to health authorities internationally.

The IMD Group lead product groups are an essential part of every day health care services, therefore they are not impacted as much by seasonal or cyclical trends in the wider economy. As the IMD Group grows, it will investigate opportunities to distribute complementary products that may be profitably marketed in conjunction with the current range of IMD Group products.
Negotiations are underway with Exel for the IMD Group to be an exclusive distributor of Exel products in Australia. A number of manufacturers in China have also registered their interest in becoming a supplier of products to IMD Group and the IMD Group is currently evaluating products, including a range of FDA and CE approved standard syringes along with a CE approved IV therapy range of scalp vein sets that will enhance its portfolio and market presence.

The IMD Group competitive advantage lies in the well established business network that has been developed in China over several years. This has enabled the IMD Group to set up its production facilities in China and enjoy the associated low manufacturing costs.

(Changsha National High Technology Industrial Development Zone in the Lu Valley)



(PATH India Poster)

3.7 REGULATORY APPROVALS

Certain medical devices require regulatory approvals to be sold. The approvals required depend on the market and the type of device being sold.
The IMD Group's Nomoresharps™ needle disposal units and medical sharps disposal containers already comply with the regulatory approvals which are required for these products to be sold in most markets, including IMD Group's four key target markets of Australia, USA, India and China.

The IMD Group has commenced the application process for regulatory approval of the 3cc manual retractable safety syringe in Australia and the USA. Data from these applications will form part of the application for regulatory approval from the State Food and Drug Administration in China and also the 1cc, 5cc and 10cc manual retractable safety syringes in the IMD Group's four key target markets.

The approval requirements and status of the regulatory approvals for the IMD Group's 3cc manual retractable safety syringe is as follows:

	Australia	USA	India	China
Approval Required	Therapeutic Goods Administration (TGA)	FDA 510K	None	State Food and Drug Administration (SFDA)
Status of Approval	Medical Device Application lodged (Refer below)	FDA 510K being prepared for lodgement (Refer below)	N/A	Data from FDA 510K application will form part of the China SFDA application
Expected Approval Date	First quarter 2005	Last quarter 2005	N/A	End 2005

Due to the complex nature of obtaining regulatory approvals, there is no guarantee that the regulatory approvals will be granted by the Expected Approval Date, if at all. The IMD Group will be unable to sell the manual retractable safety syringes in that market.

The IMD Group has invested considerable resources on assessing, preparing and lodging the relevant approvals needed for its products and, in September 2004, was granted the CE Mark for the Company's range of manual retractable safety syringes. This allows the product to be sold into the European Economic Area which includes Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, The Netherlands and the United Kingdom.

Application, including a Notification of Manufacturer's Conformity and a Medical Device Application for approval of the 3cc manual retractable safety syringe as a Product Class IIa, has been lodged for approval by the TGA to allow this product to be sold in Australia.

The IMD Group is in advanced stages of preparing the lodgement for the 3cc manual retractable safety syringe to the FDA in the USA to obtain the FDA 510K approval which will allow the product to be sold into the USA market.

Tasks completed to date for FDA 510K application include:

- ISO 13485 certification
- Notification of distributor and agent for the USA market.
- Completion of Biocompatibility testing by independent accredited laboratories.

3.8 INTELLECTUAL PROPERTY PROTECTION

Patent protection has been, and will be, applied for in those countries which have, in the opinion of the Directors, either existing similar technologies or have acceptable market conditions for the sale of IMD Group products that would benefit from such protection. This may result in no protection being applied for in certain markets in which the IMD Group participates.

Securing rights to intellectual property, and in particular to patents, is an integral part of securing potential product value in the outcomes of medical device research and development. Competition in retaining and sustaining protection of intellectual property and the complex nature of intellectual property can lead to expensive and lengthy disputes for which there can be no guaranteed outcome.

The granting of a patent does not guarantee that the rights of others are not infringed or that competitors will not develop competing products that circumvent such patents. The Company's success depends, in part, on its ability to obtain patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties (refer **Section 7.7** of this Prospectus for further details on the risks associated with Intellectual Property Rights).

The status of intellectual property protection of the IMD Group's lead products in the four key target markets is as follows:

	Australia	USA	India	China
Medical sharps disposal containers	Design Registration filed and pending	None	None	None Administration
Nomoresharps™ needle disposal unit	Design Registered #149199	None	None	None
Manual retractable safety syringes	International Patent Application #PCT/IB2003/004419 pending	International Patent Application #PCT/IB2003/004419 pending	International Patent Application #PCT/IB2003/004419 pending	International Patent Application #PCT/IB2003/004419 pending

Patent Cooperation Treaty (PCT) applications allow for the lodgement of a single application to designate any number of member states in which the patent is to be pursued, and provides priority in those states. The PCT is signed by approximately 110 member states, including the IMD Group's key markets of Australia, USA, India and China.

3.9 HISTORIC FINANCIAL INFORMATION

The Company's unaudited Consolidated Statement of Financial Performance, Statement of Financial Position and Statement of Cash Flows for the financial year ended 30 June 2004 are as follows:

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE for the year ended 30 June 2004

	$
Revenue from sale of products	17,399
Cost of products sold	(25,277)
Gross loss from the sale of products	(**7,878**)
Other revenues from ordinary activities - interest	2,372
Other expenses from ordinary activities	
- accounting fees	(9,406)
- administrative expenses	(154,823)
- consultants fees	(226,292)
- depreciation	(4,620)
- interest paid to other persons	(311)
- legal fees	(7,265)
- occupancy costs	(8,949)
- research and developments expenditure	(396,829)
- salaries and wages	(27,214)
- travel	(233,891)
- other expenses from ordinary activities	(75,106)
Loss from ordinary activities before related income tax expense	(**1,150,212**)
Income tax expense related to ordinary activities	-
Net loss	(**1,150,212**)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 June 2004

	Note	$
Current assets		
Cash	2	169,771
Receivables	3	70,066
Other		7,910
Total current assets		247,747
Non-current assets		
Plant and equipment	4	192,995
Total non-current assets		192,995
Total assets		440,742
Current liabilities		
Payables	5	555,880
Borrowings	6	999,728
Total current liabilities		1,555,608
Total liabilities		1,555,608
Net liabilities		(**1,114,866**)
Equity		
Contributed equity	7	644,888
Accumulated losses		(1,759,754)
Total equity		(**1,114,866**)

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 June 2004

	Note	$
Cash flows from operating activities		
Cash receipts in the course of operations		36,349
Cash payments in the course of operations		(722,242)
Net cash used in operating activities	8	(685,893)
Cash flows from investing activities		
Payments for plant and equipment		(173,948)
Net cash used in investing activities		(173,948)
Cash flows from financing activities		
Proceeds from issue of shares		22,789
Proceeds from borrowings		999,728
Net cash provided by financing activities		1,022,517
Net increase in cash held		162,676
Cash at the beginning of the financial year		7,095
Cash at the end of the financial year	2	**169,771**

Notes to the Consolidated Statement of Financial Performance, Statement of Financial Position and Statement of Cash Flows for the financial year ended 30 June 2004

Note 1 - Statement of Significant Accounting Policies

(a) Basis of Accounting

The Consolidated Statement of Financial Performance, Statement of Financial Position and Statement of Cash Flows (collectively referred to as the 'consolidated financial statements') have been prepared in accordance with applicable Accounting Standards and Urgent Issues Group Consensus Views. The disclosure requirements of applicable Accounting Standards have only been applied as considered relevant and appropriate. The consolidated financial statements have been prepared on an accruals basis and on the basis of historic costs and do not take into account changing money values or current values of non-current assets. The consolidated financial statements have also been prepared on a going concern basis.

(b) Research and Development Expenditure

Research and development expenditure is expensed as incurred except to the extent that its recoverability is assured beyond reasonable doubt, in which case it is deferred and amortised on a straight line basis over the period in which the related benefits are expected to be realised.

(c) Income Tax

The Company adopts the liability method of tax effect accounting. Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax. Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain. The tax effect of capital losses is not recorded unless realisation is virtually certain.

(d) *Depreciation of Plant and Equipment*

Depreciation is calculated on a reducing balance basis or a units of production basis so as to write off the net cost of each item of plant and equipment over its expected useful life.

(e) *Revenue*

Revenue from the sale of products is recognised upon the delivery of the products to the customers. Interest revenue is recognised as it accrues.

(f) *Principles of Consolidation*

The consolidated financial statements include the financial statements of the Company and its controlled entities.

Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased. The balances, and effects of transactions, between controlled entities included in the consolidated financial statements have been eliminated.

	30 June 2004 ***$***
Note 2 - Cash	
For the purposes of the Consolidated Statement of Cash Flows, cash includes:	
Cash at bank	169,771
Note 3 - Current Receivables	
Other debtors	70,066
Note 4 - Plant and Equipment	
Plant and equipment - cost	204,907
Accumulated depreciation	(11,912)
	192,995
Note 5 - Current Payables	
Other creditors and accruals	555,880
Note 6 - Current Borrowings	
Other loans - unsecured	999,728
Note 7 - Contributed Equity	
1,000,000 fully paid ordinary shares	644,888

	30 June 2004 *$*
Note 8 - Statement of Cash Flows	
Reconciliation of operating loss after tax to net cash used in operating activities	
Operating loss after tax	(1,150,212)
Non-cash item	
Depreciation	4,620
Changes in assets and liabilities	
Receivables	(32,794)
Other current assets	49,372
Payables	443,121
Net cash used in operating activities	(685,893)

Note 9 - Outside Equity Interest

Outside equity interest in controlled entities and the outside equity interest in operating loss share of the net loss for the year ended 30 June 2004 total $nil because the accumulated losses of Bio Medical Developments International Pty Ltd, which is 70% owned by the Company and 30% owned by an outside interest, exceed the outside equity interest's share of total equity of Bio Medical Developments International Pty Ltd.

Note 10 - Subsequent Events

(a) Change of Name and Status

Subsequent to 30 June 2004, the Company changed its name and status to IMD Group Limited, a public company limited by shares.

(b) Allotments of Shares

Subsequent to 30 June 2004, the Company allotted 37,500,246 fully paid ordinary shares for cash consideration totalling $523,131. These shares, together with the shares on issue at 30 June 2004 comprise the Founder Shares.

Subsequent to 30 June 2004, the Company allotted 11,400,000 fully paid ordinary shares for cash consideration totalling $1,140,000. These shares comprise the Seed Capital Shares.

Subsequent to 30 June 2004, the Company allotted 10,000,000 Performance Shares on the terms described in **Section 9.2** of this Prospectus for cash consideration totalling $1,000. These shares comprise the Performance Shares.

3.10 PRO FORMA FINANCIAL INFORMATION

Two Consolidated Pro Forma Statements of Financial Position, based on the Company's 30 September 2004 Consolidated Statement of Financial Position which has been reviewed by the Company's auditors, showing the financial effects of the completion of the minimum and maximum subscriptions of the Offer and other transactions as detailed below are as follows:

CONSOLIDATED AND PRO FORMA STATEMENTS OF FINANCIAL POSITION

30 September 2004	Consolidated (Minimum) $	Pro Forma (Maximum) $	Pro Forma $
Current assets			
Cash	44,256	4,604,256	6,484,256
Receivables	43,432	43,432	43,432
Inventories	37,846	37,846	37,846
Other	604	604	604
Total current assets	126,138	4,686,138	6,566,138
Non-current assets			
Plant and equipment	218,894	218,894	218,894
Other	52,800	52,800	52,800
Total non-current assets	271,694	271,694	271,694
Total assets	397,832	4,957,832	6,837,832
Current liabilities			
Payables	374,663	374,663	374,663
Total current liabilities	374,663	374,663	374,663
Total liabilities	374,663	374,663	374,663
Net assets	23,169	4,583,169	6,463,169
Equity			
Contributed equity	2,309,019	6,869,019	8,749,019
Accumulated losses	(2,285,850)	(2,285,850)	(2,285,850)
Total equity	23,169	4,583,169	6,463,169

The 30 September 2004 balance sheet is the Company's balance sheet which was subject to review by the Company's auditors.

The Pro Forma Consolidated Statements of Financial Position as at 30 September 2004 have been prepared on the basis of the Significant Accounting Policies set out in **Section 3.9** of this Prospectus and as if the following proposed transactions had taken place as at 30 September 2004:

(a) Pro Forma (Minimum)

- Completion of the Issue, pursuant to this Prospectus, of the minimum subscription of 25,000,000 new Shares for cash consideration totalling $5,000,000.
- The estimated costs of the Issue, pursuant to this Prospectus being $440,000, which are charged against contributed equity.

(b) Pro Forma (Maximum)

- Completion of the Issue, pursuant to this Prospectus, of the maximum subscription of 35,000,000 new Shares for cash consideration totalling $7,000,000.
- The estimated costs of the Issue, pursuant to this Prospectus being $560,000, which are charged against contributed equity.

3.11 BUSINESS OBJECTIVE AND WORKING CAPITAL

The Company's business objective is to manufacture and distribute a range of medical devices which are targeted at reducing the incidence of sharps injuries within the global healthcare industry by:

- Tooling up and expanding the Company's manufacturing facilities.
- Pursuing regulatory approvals where necessary, including TGA and FDA approvals for the sale of the Company's products in Australia and the USA.
- Expanding and developing its existing distribution network.
- Discretionary expenditure on research and development of further product ranges.

If oversubscriptions of up to $2 million (making a total capital raising of $7 million) are accepted by the Directors, the additional funds will be applied to discretionary expenditure on research and development of further product ranges and for working capital purposes.

The Board is of the opinion that there will be sufficient working capital to carry out the stated objectives if only the minimum subscription of $5 million is raised.

(Children collecting used syringes in India)

PRODUCTS & MANUFACTURING

4.1 PRODUCTS

Since its inception, the IMD Group has developed systems that offer solutions to health problems confronting developing countries and developed nations alike.

IMD Group lead product groups, which are currently being manufactured or in the final stages of tooling, are as follows:

- Medical sharps disposal containers.
- The Nomoresharps™ needle disposal unit.
- Manual retractable safety syringes in 1cc, 3cc, 5cc and 10cc sizes.

(IMD Group NoMoreSharps™ needle disposal unit)

Medical Sharps Disposal Containers

The IMD Group has developed a comprehensive range of medical sharps disposal containers. They are commercially available in 500ml, 1.4 litre, 3 litre, 6 litre, 10 litre and 19 litre sizes.

IMD Group medical sharps disposal containers have been specifically designed for simplicity of use to minimise mishandling and potential for needle-stick injury or misuse of product. The containers 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 mouth of container to stop spillage and a unique design for capturing used syringes which prevents them from exiting the bin.

- The product meets Australian Standard AS4031 and other international standards. Documents have recently been lodged for design registration protection.
- The containers are designed with manufacturing cost in mind and enter the market at a competitive price relative to other manufactures.

Nomoresharps™ Needle Disposal Unit

The Nomoresharps™ needle disposal unit 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 Nomoresharps™ 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. A smaller system for use in the field where conventional waste management systems are not available is also produced - the Nomoresharps™ Mini Back Pack Unit. The unit has been configured in two designs. One incorporates the IMD Group standard 500ml medical sharps disposal container and the other contains a reusable cylindrical container ideal for developing markets where conventional hospital waste management systems do not exist.

The Nomoresharps™ needle disposal unit is the IMD Group's pioneering product to enter certain markets, with the ultimate goal being to sell a full range of products into these markets.

Following an exhaustive study by the PATH organisation, the IMD Group's Nomoresharps™ needle disposal unit has been selected as the product for an immunisation program PATH is running with the Andhra Pradesh Government in India. Under this program 14,000 Nomoresharps™ needle disposal units and 28,000 medical sharps disposal containers will be supplied for distribution to clinics throughout Andhra Pradesh in India. The supply agreement will be fulfilled between January 2005 and July 2005.

The Nomoresharps™ 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 health care and hospital industry in developing countries, as well as in vaccination programs sponsored by WHO and the United Nations to provide safe disposal of used needles.

Manual Retractable Safety Syringes

The manual retractable safety syringe is one 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 thus rendering the syringe unusable.

The IMD Group manual retractable safety syringe range includes 1cc, 3cc, 5cc and 10cc capacities. The 3cc size is currently being manufactured by the IMD Group and the Company is in the final stages of tooling for the remaining syringe sizes.

Two designs are owned by the IMD Group. An existing model, known as the Retractable Syringe (RS), and a developmental model known as the Multi Med-uses Syringe (MMRS). The primary difference between the two models is that the RS has a slip or taper tip, whereas the MMRS has a luer lock-tip, making the MMRS suitable for use in specialised procedures such as nuclear medicine and syringe pumps.

The IMD Group manual retractable safety syringe has a number of features that include:

- Elegance of use – the IMD Group RS closely resembles a conventional non-retractable disposable syringe. This similarity makes it likely that health professionals would find the IMD Group RS readily acceptable in everyday use, while its simplicity reduces the time needed to train health professionals in its use.
- Reduced risk of needle-stick injury.
- Single use – once the plunger engages the luer at the end of the injection, it is rendered unusable and is then retracted into the barrel.
- Cost of production – with only one additional component compared with a standard syringe, the IMD Group is well placed to keep the cost of production of its manual retractable safety syringe range competitive.

4.2 PRODUCTS IN THE PIPELINE

The IMD Group has also developed and acquired a range of devices that are currently under research and development. These are grouped under the following categories:

- Second and third generation retractable syringes, including 1cc, 3cc, 5cc and 10cc retractable safety syringes with manual and automatic mechanisms.
- Auto retractable blood collection device.
- Auto retractable _cc and 1cc insulin syringes.
- Blood collection auto retractable IV therapy devices.
- Auto retractable lancet.
- Auto retractable IV therapy product range.
- Metal sharps container security enclosure for public area usage.
- UNICEF/WHO standard cardboard sharps container.
- Water purification and transfer systems.

These products and systems are designed to complement the existing product range and further diversify the IMD Group revenue base.

4.3 SUMMARY OF EXISTING PRODUCTS

Medical Sharps Disposal Containers

Sizes:	500ml, 1.4 litre, 3 litre, 6 litre, 10 litre and 19 litre. The 10 litre and 19 litre sizes are available in both normal and cytotoxic designs.
Intellectual Property:	Developed in house.
Patent/Design Protected:	Design protection pending.
Manufacturing:	In production in China and scheduled to commence production in India in December 2004.
Regulatory Approval:	Conforms to AS4031 and equivalent international standards.

(IMD Group Medical Sharps Disposal Containers)

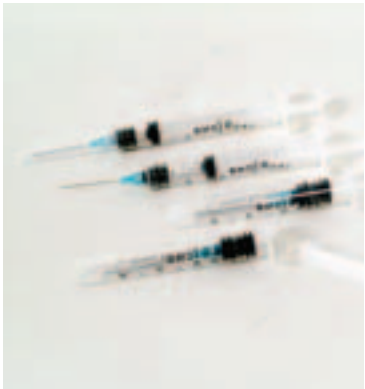
Nomoresharps™ Needle Disposal Units

Sizes:	500ml and 7.5 litre.
Intellectual Property:	Developed in house.
Patent/Design Protected:	Registered design - Australian Design registration number 149199.
Manufacturing:	In production in China and scheduled to commence production in India in November 2004.
Regulatory approval:	None required.

(IMD Group Nomoresharps™ Needle Disposal Units)

Manual Retractable Safety Syringes

Sizes:	1cc, 3cc, 5cc and 10cc.
Intellectual Property:	Developed in house.
Patent/Design Protected:	Patent granted October 2000 # - 2330537.
Manufacturing:	3cc currently in production in China and scheduled to commence production of the 1cc, 5cc and 10cc syringes in December 2004.
Regulatory approval:	CE Mark received. FDA 510K submission for 3cc size in progress. TGA Medical Device application for 3cc size lodged.



(IMD Group Manual Retractable Safety Syringes)

4.4 MANUFACTURING

The IMD Group began manufacturing medical sharps disposal containers and needle disposal units in 2002 and started first stage production planning and tooling for the manual retractable syringe range in 2003. Established manufacturing facilities in China are as follows:

- An IMD Group factory in Hubei Province manufactures rubber luers and gaskets for the manual retractable safety syringe range.
- Four factories manufacturing under supply contract in Fujian, Anhui, Shandong and Guangdong provinces.

The IMD Group factory in Xiang Fan, Hubei Province manufactures the key components of rubber luers and gaskets which the IMD Group supplies to its contract manufacturers. The 3cc luer and gasket is in full production and the 5cc and 10cc luer and gaskets in final stages of tooling. The Xiang Fan facility also houses the IMD Group's tooling, R&D, quality control and logistics operations.

(The IMD Group 3cc Luer and Gasket Machinery in Xiang Fan)

Three of the four factories which manufacture under contract are medical production facilities which manufacture the IMD Group's manual retractable safety syringe components, other than the key components which are manufactured in the IMD Group factory. The fourth factory is in a general manufacturing facility which manufactures the IMD Group range of Nomoresharps™ needle disposal units and medical sharps disposal containers.

(Jiangxi Sanxin Medical Devices Group Limited Factory in China)

The Company has also recently entered into a manufacturing agreement with Avulco Health care Pvt Ltd based in Bangalore India to manufacture and supply the 14,000 Nomoresharps™ needle disposal units for distribution to clinics throughout Andhra Pradesh (refer **Section 9.5** of this Prospectus).

Quality assurance is of paramount importance to the success of the IMD Group. The IMD Group sets raw material specifications and sign-off is required at each stage of the production process. This high level of quality assurance is pursued through the use of three internal quality control assessors who are based on-site.

Due to the importance of production management R&D and quality control the senior management of IMD Group have spent considerable time and resources in China, to this end Robert Archer, the founder and CEO of the Company holds a foreign residency permit in China.

The IMD Group is currently investigating the possibility of automated manufacturing capabilities which will increase the production throughput, improve quality assurance and lower production costs.

BOARD OF DIRECTORS AND KEY STAFF

5.1 DIRECTORS AND KEY STAFF

The current Board of Directors and management are experienced in the health care industry and financial sector with specific skills related to the IMD Group's key geographical areas of China, India, the USA and Australia.

It is intended to employ other staff and engage consultants and contractors to carry out specialist functions related to the development of the IMD Group's product development, manufacture and distribution.

5.2 BOARD OF DIRECTORS

Keith Cadell
Non-Executive Chairman

Keith Cadell has over 18 years of experience in the medical and health care 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.

Robert J. Archer
Managing Director

Robert Archer is the founder of the Company. He has 18 years of manufacturing and market research experience in the presentation of new technologies both within the domestic and international arenas. He has worked extensively in China, the USA and

Australia and has developed an extensive manufacturing base from his years of developing products throughout the world and this is seen now in the current IMD Group facilities.

Mr Archer has been driven by his personal passion towards third world aid projects and general medical technologies. After identifying and carrying out general research he identified key products that would assist aid workers in the implementation of creating a safer work environment for health care professionals. This focus was the basis for starting the Company. His goal is to engineer simple technologies that will enhance and save lives in the health care industry. Robert holds a foreign residency permit in China.

Dr Stephen E.J. Andersen
Non-Executive Director

Dr Steve Andersen is a consultant specialist medical pathologist and former managing director of both Andersen Pathology and Southern Pathology. He is also a director of private companies with interests in the rural, property and finance sectors. He founded Andersen Pathology which became Southern Pathology and was then acquired by the Sonic Health care Group. Southern Pathology has won the Illawarra Customer Service Award, the Illawarra Business of the Year Award and an Australian Quality Award for Business Excellence.

He has been a shareholder of the Company since its inception.

Peter E. Roberts
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 including 12 years as a Partner. Peter held many senior positions within Coopers and Lybrand including Managing Partner Darwin Office, Partner in Charge, Sydney Office Business Services Division and Partner in Charge, Sydney Office Public Sector and Health care 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, Jennmar 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.

5.3 KEY MANAGEMENT

Peter J. Nightingale
Company Secretary

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.

Mr Nightingale has, for the past 16 years, been a director or company secretary of a number of private and publicly listed companies in Australia, the USA and Europe where he has been responsible for the financial control, administration, secretarial and in-house legal functions.

Robert Krakowiak
General Manager

Robert Krakowiak has more than 22 years experience working in health care, environmental and related industries. Prior to entering into management and trade consulting, Robert was general manager of one Australia's largest health care communications companies that had an annual turnover of in excess of $11 million. In 1997, he set up his own consulting business specialising in providing assistance to businesses seeking to grow their domestic and international markets. For five years, he was a key member of Australian Business Limited's International Trade Consulting team specialising in the health and environment industries and with a particular focus on assisting companies export to North and South East Asia. As well as assisting numerous companies access markets and identify business partners in those markets, Robert has led a number of trade delegations to India, China, Indonesia and Malaysia. He has a broad network of government and industry contacts in Australia and overseas. Robert is a past executive of the committee for the Australia India Business Council and is a member of the Environment Industry Export Task Force that was set up by the Barton Group as part of the Federal Government's Environment Industry Action Agenda. He is also a member of the Australia China Business Council and the former Chair of the Australia India Health Industry Network (AIHIN) and the Australian Medical and Services Export Group (AMASE).

Teng Jun Piao
Head of Manufacturing Operations in China

Teng Jun Piao has a strong background in the finance field. He led the establishment of Downtown Duty Free globally in conjunction with senior government and private sector networks in Taiwan. Since this time he has focused his interest towards world aid programs with the view of implementing new technologies, such as retractable syringes, for use in these programs. He is the inventor of the IMD Group manual retractable safety syringe and was also involved in the engineering of the IMD Group medical sharps containers.

Kea Dent
Consultant/Quality Assurance Manager

Winner of the 2002 South Australian Telstra Businesswoman of the year, Kea Dent has an MBA with extensive experience in the international medical devices industry. She gained this experience from 10 years managing her own business, Dentsleeve Pty Ltd, with exports to 44 countries. She has extensive knowledge in gaining, implementing and maintaining regulatory accreditations as well as aspects of international marketing, intellectual property protection, product development, commercialisation and distribution.

INTELLECTUAL PROPERTY REPORT

Spruson&Ferguson
Patent and Trade Mark Attorneys Founded 1887
Australia • New Zealand

The Directors
IMD Group Limited
Level 8, 261 George Street
Sydney NSW 2000

Dear Sirs

Re: Prospectus – Patent Attorney's Report

1. Background

This report had been prepared by Spruson & Ferguson (S&F) for inclusion in a prospectus to be issued by IMD Group Limited (the Company) in November 2004. The Company was formerly known as Bio Medical Holdings Australia Pty Ltd (BMHA).

This report is current as at 22 October 2004, and we are aware of no material changes in the status of the material discussed below since that date. The information provided below is subject to the matters set out in Section 7 of this report.

2. Spruson & Ferguson's interest and expertise

S&F is one of Australia's leading patent and trade mark attorney firms, providing a comprehensive range of expertise to our clients in the field of Intellectual Property (IP).

S&F, particularly Ryan Curnick (author of this report), has been involved, inter alia, in the preparation, filing and prosecution of some of the IP discussed herein.

Neither Ryan Curnick nor any of the other Principals of S&F have any financial interest in the Company or the following subsidiaries:

- Bio Medical Developments International Pty Ltd (an Australian company);
- Bio Medical Operations Australia Pty Ltd (an Australian company);
- International Water Systems Pty Ltd (an Australian company); and
- IMD Consulting Pty Ltd (an Australian company),

over and above the fees for the professional work done in preparing this report. The fees charged for preparation of this report are based upon S&F's usual rates of charging.

S&F had no involvement in the preparation of the prospectus by the Company, other than the preparation of this report.

3. IMD Group Limited and its subsidiaries

The relationship between the Company and each of its subsidiaries is set out below:

- Bio Medical Developments International Pty Ltd – 70% owned by the Company and 30% owned by JPt Syringe (S) PTY. LTD. (a Singapore company);
- Bio Medical Operations Pty Ltd – 100% owned by the Company;
- International Water Systems Pty Ltd – 100% owned by the Company; and
- IMD Consulting Pty Ltd – 100% owned by the Company.

4. IP protection - general information

Intellectual Property (IP) includes inventions, industrial designs, trade marks, copyright, and know how. Patents, registered designs, trade marks and copyright are the most common ways in which the owner of IP can prevent others from using or otherwise exploiting their IP without the owner's permission.

4.1 Monopoly provided by a patent

A patent is a right granted by a government to the inventor of an article, device, substance, process, or method, which is new, inventive and useful, in return for its disclosure to the public at large. The inventor can also assign this right. Patents provide the inventor, or the inventor's assignee, with the right to exclusively exploit the invention for the life of the patent, which is generally 20 years.

In order to gain a patent, the invention must be new at the time of lodging the patent application. Demonstrating, selling, publishing, or discussing the invention in public is likely to preclude the inventor's or assignee's ability to gain a patent.

4.2 Patent validity

Grant of a patent does not guarantee validity, and an invalid patent is unenforceable. Further, the grant of a patent does not guarantee that all claims of that patent are valid.

The grant of a patent also does not guarantee that the invention defined therein can be marketed without infringing the rights of others.

4.3 International conventions

Australia is a signatory to a number of international conventions that relate to intellectual property. Some features of the most important conventions are discussed below.

4.3.1 Paris Convention

The "Paris Convention for the Protection of Industrial Property" is signed by approximately 160 member states, including Australia. When seeking patent protection in foreign countries, it is necessary to lodge a separate application in each country or region where protection is desired and this may be done under the provisions of the Paris Convention within 12 months of the date of lodging a corresponding patent application in Australia. (Nb: The 12 month period is shortened to 6 months for trade marks and registered designs).

4.3.2 Patent Cooperation Treaty (PCT)

Australia is also a signatory to the "Patent Cooperation Treaty" (PCT). The PCT allows for the lodgement of an "international patent application". This provides for a single application to designate any number of member states in which the patent is to be pursued, and provides priority in those states. The PCT is signed by approximately 110 member states, including most industrialised countries. It is also possible to designate the European Patent Convention (see below) via the PCT.

4.3.3 European Patent Convention

Under the "European Patent Convention", it is possible to lodge a single patent application to obtain protection in any, or all, of the following European countries: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, France, Finland, Germany, Greece, Ireland, Italy, Liechtenstein, Luxembourg, Monaco, The Netherlands, Turkey, Portugal, Romania, Slovakia, Spain, Sweden, Switzerland and the United Kingdom.

4.3.4 National patents

There is no such thing as a "world patent". In order to obtain protection overseas, a national patent application must be lodged in each relevant jurisdiction. The result of examination in one country is not binding on any other country. Similarly, the grant of a patent in one country does not guarantee grant in others. Also, challenges to patent validity must be made in each country of interest.

4.4 Monopoly provided by a registered trade mark

A trade mark is any "sign" used to distinguish the goods or services of one trader from those of another. A sign can include any letter, word, name, signature, numeral, device, brand, heading, label, ticket, aspect of packaging, shape, colour, sound or scent, or any combination of the above.

The registration of a trade mark provides the party with the right to exclusively use, license or sell the mark within the categories for which it is registered. A trade mark can remain registered indefinitely if it continues to be used.

In order to gain a trade mark registration, the sign must not be one that other traders may need to use to promote their own goods or services, such as a directly descriptive term, a geographic word or common surname, and it can not mislead the public about the nature of the goods or services.

Most countries have trade mark laws. Most also are members of the International (Paris) Convention, the provisions of which enable a foreign trade mark application to be lodged within 6 months of lodging an application in Australia for the same trade mark. The corresponding foreign application, when examined by the foreign Trade Mark Office, has a priority date which is the date of lodgement of the Australian trade mark application.

4.5 Monopoly provided by a registered design

A design is a feature of shape, configuration, pattern or ornamentation of an article capable of being judged by the eye. It is possible to register a design and thereby obtain protection for the external appearance of a product. It is not a bar to registration if the design includes features of shape or configuration which serve a functional purpose. The design must be new and original at the date of application for registration.

Most countries have design laws, although in some countries the term “industrial model” is used. Most also are members of the (Paris Convention, the provisions of which enable a foreign design application to be lodged within 6 months of lodging an application in Australia for the same design. The corresponding foreign application, when examined by the foreign Designs Office, has a priority date which is the date of lodgement of the Australian design application.

4.6 Exclusive licenses

The Australian Patents Act defines an exclusive license as "a licensee under a license granted by the patentee and conferring on the licensee, or on the licensee and persons authorised by the licensee, the right to exploit the patented invention throughout the patent area to the exclusion of the patentee and all other persons".

Exploit, in relation to an invention, is defined as:

(a) where the invention is a product – make, hire , sell or otherwise dispose of the product, offer to make, sell, hire or otherwise dispose of it, use or import it, or keep it for the purpose of doing any of those things; or

(b) where the invention is a method or process – use the method or process to do any act mentioned in paragraph (a) in respect of a product resulting from such use.

If an exclusive licensee starts infringement proceedings, the patentee must be joined as a defendant unless joined as a plaintiff.

5. IP protection filed

A list of the active patents/patent applications, trade marks/trade mark application and registered designs/design applications filed in the name of the Company and its Australian subsidiaries are set in Part 1 of the accompanying IP Schedule. A brief description of each item in Part 1 of the schedule is set out below.

The 'Expiry Date' given for the patents/patent applications and registered designs/design applications in the IP Schedule is the latest possible expiry date assuming each case grants/registers as a patent and all renewal fees are then timely paid. Expiry dates are not given for trade marks/trade mark applications as a trade mark can remain registered indefinitely if it continues to be used (see Section 4.4).

5.1 Designs

Australian Design No. 149199 is registered and in force. The author of the design was Robert Archer and we are advised that Global Reach Marketing Pty Ltd obtained his rights to the design by virtue of his contract of employment with them. The design application was subsequently assigned from Global Reach Marketing Pty Ltd to BMHA.

Australian Design Application No's. 2183/2004, 2180/2004, 2184/2004, 2182/2004 and 2179/2004 are all presently pending and are not yet open to public inspection (ie. are confidential). The applications have been filed in the applicant name of BMHA. The author of the designs was Robert Archer and we are advised that BMHA obtained his rights to the designs by virtue of his contract of employment with them. Corresponding design applications can be filed overseas by 7 January 2005 and be afforded the filing date of these Australian applications.

Australian Design Application No's. 13842/2004, 13843/2004, and 13834/2004 are all presently pending and are not yet open to public inspection. The applications have been filed in the applicant name of BMHA. The author of the designs was Robert Archer and we are advised that BMHA obtained his rights to the designs by virtue of his contract of employment with them. Corresponding design applications can be filed overseas by 12 February 2005 and be afforded the filing date of these Australian applications.

Australian Design Application No. 14073/2004 is presently pending and is not yet open to public inspection. The applications have been filed in the applicant name of BMHA. The author of the design was Robert Archer and we are advised that BMHA obtained his rights to the designs by virtue of his contract of employment with them. Corresponding design applications can be filed overseas by 25 February 2005 and be afforded the filing date of these Australian applications.

5.2 Trade Marks

Australian Trade Mark No's. 912091, 912090 and 974346 are registered and in force.

Australian Trade Mark Application No. 1005179 is pending. Corresponding trade mark applications can be filed in convention countries by 7 January 2005 and be afforded the filing date of this Australian application.

6. IP protection licensed

A list of the active patents/patent applications, trade marks/trade mark application and registered designs/design applications licensed by the Company and its Australian subsidiaries are set in Part 2 of the accompanying IP Schedule. A brief description of each of the items in Part 2 of the schedule the families is set out below.

6.1 Patents

6.1.1 Teng

UK patent No. 2330537 is granted and is presently in force until 6 August 2005. The invention covered by patent No. 2330537 is a single use syringe with a plunger that engages the syringe barrel upon full depression. The plunger has fragile parts adapted to break upon attempted retraction from full depression.

Singapore patent application No. 200206056-4 is presently pending.

International (PCT) Patent Application No. PCT/IB2003/004419 claims priority from Singapore patent application No. 200206056-4. Application No. PCT/IB2003/004419 is pending. The deadline for filing corresponding national patent applications further to this PCT application is, in most jurisdictions, 8 April 2005 and 27 April 2005 respectively. Some jurisdictions, including Australia and Europe, allow a further one month for this action.

An International Search Report (ISR) has been established in respect of Application No. PCT/IB2003/004419. International Preliminary Examination has also been demanded in respect of Application No. PCT/IB2003/004419. A "clear" International Preliminary Examination Report (IPER) has issued in respect of Application No. PCT/IB2003/004419. The invention covered by Application No. PCT/IB2003/00419 is a retractable non-reusable syringe which can be used in different types of medical fields, and is particularly suitable for use with infusion pumps.

Singapore patent application No. 200206553-0 is presently pending.

International (PCT) Patent Application No. PCT/IB2003/004784 claims priority from Singapore patent application No. 200206553-0. Application No. PCT/IB2003/004784 is pending. The deadline for filing corresponding national patent applications further to this PCT application is, in most jurisdictions, 8 April 2005 and 27 April 2005 respectively. Some jurisdictions, including Australia and Europe, allow a further one month for this action. The invention covered by Application No. PCT/IB2003/004784 relates to a syringe able to automatically perform some functions, for example self-filling and needle retraction. An International Search Report (ISR) has been established in respect of Application No. PCT/IB2003/004784. International Preliminary Examination has also been demanded in respect of Application No. PCT/IB2003/004784. A Written Opinion has issued in respect of Application No. PCT/IB2003/004784.

An agreement has been made by BMHA and Jun Piao Teng and JPt Syringe (S) PTE. LTD. and Bio Medical Developments International Pty Ltd in respect of the above patent and applications to establish Bio Medical Developments International Pty Ltd as a joint venture company for producing and marketing products corresponding to the above patent and applications. The agreement includes, inter alia, the transferring and assigning of the ownership of the above patent and applications from Jun Piao Teng to Bio Medical Developments International Pty Ltd.

6.1.2 Austin & Von Pace Pty Ltd

Australian Provisional Patent Application No's. 2003906892, 2004901347, 2004901348 and 2004901349 are all provisional patent applications and are not yet open to public inspection. Corresponding patent applications can be filed in convention countries by 16 December 2004, 15 March 2005, 15 March 2005 and 15 March 2005 respectively, and be afforded the filing date of these Australian applications.

All of the above applications list Peter George Austin as sole inventor and Peter George Austin and Von Pace Pty Ltd as co-applicants. Deeds of Assignment from Peter George Austin have been executed in favour of Peter George Austin & Von Pace Pty Ltd in respect of the above applications.

An exclusive license to these applications has been obtained by BMHA.

6.1.3 Bencrai Pty Ltd

Australian Provisional Patent Application No's. 2003907009 and 2004902176 are provisional patent applications and are not yet open to public inspection. Corresponding patent applications can be filed in convention countries by 5 November 2004 and 13 April 2005 respectively, and be afforded the filing date of these Australian applications.

The applications were filed with Craig Howard as inventor and Bencrai Pty Ltd as applicant. A Deed of Assignment from Craig Howard has been executed in favour of Bencrai Pty Ltd.

An exclusive license to these applications has been obtained by BMHA.

6.2 Trade Marks

6.2.1 Bencrai

Australian Trade Mark No's. 1008232, 1008233 and 1008234 were filed 25 June 2004 and are all pending. Corresponding trade mark applications can be filed in convention countries by 25 January 2005 and be afforded the filing date of the Australian applications.

Australian Registered Trade Mark No's. 976376 and 969160 are registered and in force.

An exclusive license to these applications and trade marks has been obtained by BMHA.

7. Limitations and disclaimers

7.1 Search limitations

7.1.1 General

The prior art searches conducted by the various patent offices are limited in terms of the time periods and the geographical areas covered. Thus, the databases used may not include older published documents and may not cover certain jurisdictions. Further, all searches are subject to the accuracy and scope of the material searched as well as to the classification of the invention. Further, any search strategy will inevitably involve some compromise between scope and cost. Accordingly, whilst the searches conducted by various patent offices provide a reasonable indication of patentability, the above and other factors make it impossible to guarantee that every conceivably relevant prior art record has been revealed. Any conclusions on validity based on these or any other searches should therefore be regarded as indicative, and not conclusive. It should also be noted that S&F have not conducted any novelty searches for the purposes of this report.

7.1.2 Unpublished Documents

Searches cannot locate documents, which have not been published at the time of conducting the search.

7.1.3 Non-patent prior art documents

No novelty search can ever be considered entirely conclusive or exhaustive because some forms of prior art such as prior public use, prior commercial exploitation and prior publication in non-patent literature, cannot be searched systematically.

7.1.4 Infringement of the rights of others

The searches conducted during patent prosecution do not provide any guarantee that the subject inventions may be commercially exploited without risk of infringement of earlier third party patents. It should also be noted that S&F have not conducted any infringement searches for the purposes of this report.

7.2 Scope of Claims May Vary During Examination

It is possible, and often necessary, during the examination of a patent application to define the invention, more specifically by amendment of the claims, so as to distinguish relevant prior art. Accordingly, there may be variations in the claims between countries, which may affect the scope and hence the commercial significance of the resultant patent protection.

8. Consent

Consent for the inclusion of this report in the Company's prospectus, in the form in which it now appears, has been granted by S&F and has not been revoked, as at the date of this report.

Yours sincerely

Ryan D Curnick
SPRUSON & FERGUSON
Encl.

IMD IP SCHEDULE

PART 1 – IP PROTECTION FILED

Jurisdiction	Type	No.	Title	Owner	Status	Filing Date	Expiry Date
Australia	Design	149199	A sharps disposal device	BMHA	Registered	03/05/02	03/05/18
Australia	Design	2183/2004	A sharps disposal device	BMHA	Pending	07/06/04	07/06/14
Australia	Design	2180/2004	A set of containers	BMHA	Pending	07/06/04	07/06/14
Australia	Design	2184/2004	A container	BMHA	Pending	07/06/04	07/06/14
Australia	Design	2182/2004	A container	BMHA	Pending	07/06/04	07/06/14
Australia	Design	2179/2004	A container	BMHA	Pending	07/06/04	07/06/14
Australia	Design	13842/2004	A container mouth restrictor	BMHA	Pending	12/08/04	12/08/14
Australia	Design	13843/2004	A container mouth restrictor	BMHA	Pending	12/08/04	12/08/14
Australia	Design	13844/2004	A container mouth restrictor	BMHA	Pending	12/08/04	12/08/14
Australia	Design	14073/2004	A sharps disposal device	BMHA	Pending	25/08/04	25/08/14
Australia	Trade Mark	912091	NOMORESHARPS	BMHA	Registered	08/05/02	-
Australia	Trade Mark	912090	NOMORESHARPS & device	BMHA	Registered	08/05/02	-
Australia	Trade Mark	974346	Bio Medical Development International & Whorl device	BMHA	Registered	14/10/03	-
Australia	Trade Mark	1005179	BMDI CREATING A SAFER WORKING ENVIRONMENT FOR HEALTH CARE PROFESSIONALS & Whorl device	BMHA	Pending	07/06/04	-

PART 2 – IP PROTECTION LICENSED

Jurisdiction	Type	No.	Title	Owner	Status	Filing Date	Expiry Date
United Kingdom	Patent	2330537	Anti-Reuse Syringe	TENG, Jun Piao	Granted & In Force	08/08/97	08/08/17
Singapore	Patent	200206056-4	Multi-Med Uses Retractable Non-Reusable Syringe	TENG, Jun Piao	Pending	08/10/02	08/10/22
Singapore	Patent	200206553-0	Vacuum Auto – Retractable Safety Syringe	TENG, Jun Piao	Pending	30/10/02	30/10/22
PCT	Patent	PCT/IB2003/004419	Multi-Med Uses Retractable Non-Reusable Syringe	TENG, Jun Piao	Pending	03/10/03	08/04/05
PCT	Patent	PCT/IB2003/004784	Vacuum Auto-Retractable Safety Syringe	TENG, Jun Piao	Pending	27/10/03	27/04/05
Australia	Patent	2003906892	Retractable Syringe	AUSTIN, Peter George & Von Pace Pty Ltd	Pending	16/12/03	16/12/04
Australia	Patent	2004901347	Needle device	AUSTIN, Peter George & Von Pace Pty Ltd	Pending	15/03/04	15/03/04
Australia	Patent	2004901348	Catheter Assembly	AUSTIN, Peter George & Von Pace Pty Ltd	Pending	15/03/04	15/03/04
Australia	Patent	2004901349	Blood Collection Device	AUSTIN, Peter George & Von Pace Pty Ltd	Pending	15/03/04	15/03/04
Australia	Patent	2003907009	Pump	Bencrai Pty Ltd	Pending	05/11/03	05/11/04
Australia	Patent	2004902176	Pump	Bencrai Pty Ltd	Pending	13/04/04	13/04/05
Australia	Trade Mark	1008232	BOAT DOCTOR	Bencrai Pty Ltd	Pending	25/06/04	-
Australia	Trade Mark	1008233	WATER DOCTOR	Bencrai Pty Ltd	Pending	25/06/04	-
Australia	Trade Mark	1008234	FLUID DOCTOR	Bencrai Pty Ltd	Pending	25/06/04	-
Australia	Trade Mark	976376	TOILET DOCTOR	Bencrai Pty Ltd	Registered	30/10/03	-
Australia	Trade Mark	969160	SINK DOCTOR	Bencrai Pty Ltd	Pending	07/09/03	-

MATERIAL RISK FACTORS

7.1 INTRODUCTION

An investment in the Company is not risk free and prospective new investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares.

The future success of the Company will ultimately depend upon firstly passing the various regulatory hurdles, then gaining market acceptance through producing quality products at a competitive price, then growing market share by being responsive to market pressures on quality, price and supply.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 ECONOMIC RISKS

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's research, development and marketing activities, as well as on its ability to fund those activities.

7.3 MARKET CONDITIONS

The market price of the Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and stocks of offshore medical device manufacturers and distributors stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

7.4 ADDITIONAL REQUIREMENTS FOR CAPITAL

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its investments, the Company may require further financing in addition to amounts raised in the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and reduce its research and development programmes as the case may be.

7.5 RESEARCH AND DEVELOPMENT

The Company can make no representations that any of its research and development will be successful, that the Company's development milestones will be achieved or that the Company will develop products that are commercially exploitable.

There are many risks inherent in the development of medical devices, particularly where these are in an early stage of development. Projects can be delayed or fail, or research may cease to be viable for a range of unexpected scientific and commercial reasons.

7.6 REGULATORY ISSUES AND GOVERNMENT REGULATION

Products derived from the Company's research, development or acquisition may be subject to numerous government regulatory approvals and controls throughout the world and these will affect both the timing and the cost of bringing these products to the market.

Delays or failures in obtaining regulatory approval for a product would be likely to have a serious adverse effect on the value of the Company and have a consequential impact on the financial performance of the Company.

The Company's operations are also subject to laws, regulatory restrictions and certain government directives, recommendations and guidelines relating to, amongst other things, occupational safety, laboratory practice, the use and handling of hazardous materials, prevention of illness and injury and environmental protection. There can be no assurance that future legislation will not impose further government regulation, which may adversely affect the business or financial condition of the Company.

7.7 INTELLECTUAL PROPERTY RIGHTS

Securing rights to intellectual property, and in particular to patents, is an integral part of securing potential product value in the outcomes of pharmaceutical and biomedical research and development. Competition in retaining and sustaining protection of intellectual property and the complex nature of intellectual property can lead to expensive and lengthy patent disputes for which there can be no guaranteed outcome.

The granting of a patent does not guarantee that the rights of others are not infringed or that competitors will not develop competing intellectual property that circumvents such patents. The Company's success depends, in part, on its ability to obtain patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties.

Because the patent positions of medical device companies can be highly uncertain and frequently involve complex legal and scientific evaluation, neither the breadth of claims allowed in medical device patents nor their enforceability can be predicted. There can be no assurance that any patents that the Company may own or control or licence now and in the future will afford the Company commercially significant protection of its intellectual property or its projects or have commercial application.

While the Company is not aware of any third party interests in its intellectual property rights, with the exception of the minority interest rights in BMDi, and has taken steps to protect and confirm its interest in these rights, there is always a risk of third parties claiming involvement in technological and medical discoveries and if any such disputes arise, they could adversely affect the Company.

7.8 RELIANCE ON KEY PERSONNEL AND NEED TO ATTRACT QUALIFIED STAFF

The Company is dependent on its management, the loss of whose services could materially and adversely affect the Company and impede the achievements of its research and development objectives.

Because of the specialised nature of the Company's business, its ability to commercialise its products and maintain its research program will depend in part upon its ability to attract and retain suitably qualified management, scientists and research people over time. There can be no assurance that the Company will be able to attract or retain sufficiently qualified personnel on a timely basis, retain its key scientific and management personnel, or maintain its relationship with key scientific organisations.

7.9 RISK OF PRODUCT LIABILITY AND UNINSURED RISKS

The Company's business exposes it to potential product liability risks that are inherent in the research and development, manufacturing, marketing and use of its products. It will be necessary for the Company to secure sufficient levels of insurance to cover various product liability risks in the course of maintaining its business. However, there can be no assurance that adequate or necessary insurance coverage will be available at an acceptable cost or in sufficient amounts, if at all, or that product liability or other claims would not materially and adversely affect the business or financial condition of the Company.

7.10 UNCERTAINTY OF FUTURE PROFITABILITY

The Company's ability to operate profitably in the future will depend on its ability to commercialise its products with other organisations on commercial terms for onward sale to customers. This will depend on the ultimate demand for its products by consumers which cannot be guaranteed. There is no certainty therefore that the Company can successfully commercialise its projects.

Other factors that will determine the Company's profitability are its ability to manage its costs, to execute its development and growth strategies, economic conditions in the markets the Company operates, competitive factors and regulatory developments. Accordingly, the extent of future profits. if any, and the time required to achieve a sustained profitability is uncertain. Moreover, the level of such profitability cannot be predicted.

7.11 INDUSTRY RISKS

The Company's current and future potential competitors include companies with substantially greater resources than it. There is no assurance that competitors will not succeed in developing products that are more effective or economic than the current products or any of those being developed by the Company or which would render the products obsolete and/or otherwise uncompetitive. In addition, the Company may not be able to compete successfully against current or future competitors where aggressive pricing policies are employed to capture market share. Such competition could result in price reductions, reduced gross margins and loss of market share, any of which could materially adversely affect the Company's future business, operating results and financial position.

7.12 POTENTIAL ACQUISITIONS

As part of its business strategy, the Company may make acquisitions of or significant investments in complementary companies, products or technologies. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies.

7.13 INVESTMENT SPECULATIVE

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Prospectus. Therefore, the securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for securities.

ADDITIONAL INFORMATION

8.1 RIGHTS RELATING TO SHARES

For details of the rights attaching to the Shares, potential investors should refer to the Company's Constitution. A copy of the Constitution is available for inspection at the Company's registered office. The rights attaching to the shares are summarised below.

This summary does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of shareholders.

Voting Rights

Members are entitled to notice of and to attend and vote at general meetings. Subject to any Shares which may in the future be issued with special or preferential rights (at present there are none), every Shareholder present in person or by proxy, attorney or representative has one vote on a show of hands, and, on a poll, has one vote for each fully paid Share.

Dividends

The Directors may declare a dividend to be paid to the Shareholders entitled to that dividend out of the profits of the Company.

Capitalisation of Profits

Subject to the Listing Rules, the Directors may capitalise and distribute any undistributed profits of the Company.

Issue of Shares

Without prejudice to any special rights conferred on the holders of any Shares or class of Shares (at present there are none) and subject to the Constitution, the Corporations Act and the Listing Rules, the Directors may issue Shares and other securities on such terms and conditions as the Directors think fit.

Transfer of Shares

A member may transfer Shares by a market transfer in accordance with any system recognised by the Listing Rules and effected in accordance with the SCH Business Rules or an instrument in writing in any usual form or in any other form approved by the Directors or recognised by the Corporations Act or the Listing Rules.

The Directors may decline to register a transfer in the circumstances so required or permitted under the Listing Rules or the SCH Business Rules, or if the transfer is not in a registrable form by giving written notice of refusal to the transferee and lodging broker.

Rights on Winding Up

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

Subject to any Shares which may in the future be issued with special or preferential rights (at present there are none), the surplus assets of the Company after winding up will be divided among the members in proportion to the number of Shares held by them subject to any amounts unpaid on the Shares.

8.2 DIRECTORS

The minimum number of Directors is 3 and the maximum is 10 unless the Company in a general meeting determines otherwise. A Director is not required to hold any Shares. At the Annual General Meeting one third of all Directors will retire from office and each Director (excluding a Managing Director) must retire at least every three years.

The Directors' may exercise all powers of the Company as are required or permitted by the Corporations Act, the Listing Rules or the Constitution, to be exercised by the Company.

As at the date of this Prospectus no new Directors are proposed to be appointed. Refer to **Section 8.5** of this Prospectus for more details on the responsibilities of the Board.

Directors' Indemnity

To the extent permitted by law and without limiting the powers of the Company, the Company must indemnify each person who is and has been an officer of the Company against any liability which results from facts or circumstances relating to the person serving or having served in that capacity provided that it does not arise out of conduct involving a lack of good faith, for costs and expenses incurred by the person defending proceedings in which judgment is given in favour of the person or in which the person is acquitted or in connection with an application in which the Court grants relief to the person under the law.

8.3 LITIGATION

As at the date of this Prospectus, the Directors are not aware of any litigation of any nature pending or threatened against or which may significantly affect the operations of the Company.

8.4 TAXATION OBLIGATIONS

The taxation obligations and the effects of participating in the Issue may vary depending on the circumstances of each individual Shareholder, the particular circumstances relating to their holdings of Shares and the taxation laws applicable to Shareholders as residents of different jurisdictions.

Investors should make their own enquiries about the taxation consequences of an investment in the Company. If investors are in doubt as to their taxation position, or the course of action they should take, they should consult a lawyer, accountant, stockbroker or other professional advisor.

It is the responsibility of individual Applicants to inform themselves of their taxation position resulting from participation in the Issue.

8.5 CORPORATE GOVERNANCE

The Board is committed to the view that the maintenance of a properly informed market in accordance with the ASX continuous disclosure obligations is in the best interests of shareholders.

The Board acknowledges and endorses the ASX Principles of Good Corporate Governance and the Best Practice Recommendations and proposes to enact and follow such of the best practice recommendations guidelines as is considered appropriate for the size of the Company, its development status and the attaining of its corporate and business objectives.

Consistent with the above, the Directors recognise and accept they are responsible for protecting the rights and interests of the shareholders through the implementation of sound strategies and action plans and development of an integrated framework of controls over the Company's resources, functions and assets.

The Board develops strategies for the Company, reviews strategic objectives, and monitors performance against those objectives. The goals of the corporate governance process are to:

- drive shareholder value;
- ensure a prudential and ethical base to the Company's conduct and activities; and
- ensure compliance with the Company's legal and regulatory obligations.

Consistent with these goals, the Board assumes the following responsibilities:

- develop initiatives for profit and asset growth;
- reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- acting on behalf of, and being accountable to the shareholders;
- identifying business risks and implementing actions to manage those risks; and
- developing and effecting management and corporate systems to assure quality.

Composition of the Board

The Board comprises 4 Directors. The names, qualifications and relevant experience of each Director are set out in **Section 5** of this Prospectus. It is Board policy that the Board will constantly review and monitor its performance. As part of this process the Board may seek to appoint persons who, in the opinion of the Board, will provide specialist expertise required for the Board to adequately perform its role.

The Company has no formally constituted committees of the Board. The Directors consider that the Company is not of a size nor are its affairs of such complexity as to justify the formations of separate committees. Members of the Board have been brought together to provide a blend of qualifications, skills and national and international experience required for managing a company operating within the medical devices sector.

Compensation Arrangements

Under the Company's Constitution, the Directors are entitled to be paid such remuneration as is authorised by an ordinary resolution of the Company in general meeting (excluding remuneration of Managing or Executive Directors). The Directors are currently entitled to receive a maximum of $150,000 to be divided between them as Directors' fees.

If a Director undertakes any work additional to that usually required of Directors of a company similar to this Company, the Directors may decide to pay that Director additional remuneration which is not included in the above limits. Directors are also entitled to travelling expenses for or in connection with the Company's business. The remuneration of any Managing Director or Executive Director for his services shall be determined by the Directors.

Audit Committee
The Board does not presently have an audit committee. All matters which might be dealt with by such a committee are reviewed by the Directors meeting as a Board.

External Audit
The Company in general meeting is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of these external auditors.

Identification and Management of Risk
The Board's collective experience will enable accurate identification of the principal risks which may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

Internal Management Controls
The Company's main assets are located in Australia and China. Control over the operations is exercised by the Managing Director.

Ethical Standards
The Board is committed to the establishment and maintenance of appropriate ethical standards to underpin the Company's operations and corporate practices.

8.6 CASH COSTS OF THE ISSUE

The total expenses of the Issue and associated costs payable by the Company are estimated to be approximately $440,000 made up as follows:

	$
Commissions to brokers	300,000
ASX/ASIC fees	40,000
Legal fees	15,000
Independent experts fees	15,000
Printing and associated costs	50,000
Marketing and postage	10,000
Miscellaneous expenses	10,000
	440,000

Commissions to Brokers
The Company will pay commissions for Applications bearing a stamp of a Member Organisation of the ASX and accepted by the Company. An amount of $300,000 has been allowed for in the budget (based upon the $5 million Offer).

Enquiries
Enquiries regarding this Prospectus should be directed to the Company on +61-2 9247 5087.

8.7 INTERESTS OF DIRECTORS

At the date of this Prospectus, the Directors and their related entities held the following relevant interests in the Company's Shares:

Director	Director Interest	Related Entity Interest
Keith Cadell	0	250,000
Robert J. Archer	0	19,983,977
Stephen E.J. Andersen	0	4,989,443
Peter E. Roberts	0	500,000

In addition to these interests in the Company's Shares, a Robert Archer Related Entity holds 5,850,000 Performance Shares and a Stephen Andersen Related Entity holds 1,000,000 Performance Shares.

There are currently no options over Shares in the Company on issue.

Directors' Remuneration
Under the Company's Constitution, the Directors are entitled to be paid such remuneration as is authorised by an ordinary resolution of the Company in general meeting (excluding remuneration of Managing or Executive Directors). The Directors are currently entitled to receive a maximum of $150,000 to be divided between them as Directors' fees.

If a Director undertakes any work additional to that usually required of Directors of a company similar to this Company, the Directors may decide to pay that Director additional remuneration which is not included in the above limits. Directors are also entitled to travelling expenses for or in connection with the Company's business. The remuneration of any Managing Director or Executive Director for his services shall be determined by the Directors.

8.8 INTERESTS EXPERTS AND ADVISERS

Other than as set out below or elsewhere in this Prospectus:

- no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, or a promoter of the Company or a stockbroker to the Offer, holds and has not held in the two years before the date of this Prospectus, any interest in:
  - the formation or promotion of the Company;
  - property acquired or proposed to be acquired by the Company in connection with:
    - the formation or promotion of the Company or
    - the Offer of Shares under this Prospectus; and
- no amount has been paid or agreed to be paid and no value or any benefit has been given or agreed to be given to any such persons in connection with the preparation of distribution of this Prospectus for services provided in connection with the formation or promotion of the Company or the offer of Shares under this Prospectus.

8.9 PAYMENTS OR BENEFITS TO EXPERTS

Spruson & Ferguson has prepared the Patent Attorney's Report included in Section 6 of this Prospectus. In respect of this work, the Company has agreed to pay $11,000 for these services.

8.10 CONSENTS

The following parties have given written consent, which has not been withdrawn at the time of lodgement of this Prospectus with ASIC, in the following terms:

- The Directors have given their consent to the lodgement of this Prospectus with ASIC and have not withdrawn this consent prior to lodgement.
- KPMG has given its consent to be named in this Prospectus as Auditor to the Company in the form and context in which it is named.
- Spruson & Ferguson has given its consent to be named in this Prospectus and to the inclusion of the Intellectual Property Report in Section 6 of this Prospectus.
- Computershare Investor Services Pty Ltd has given its consent to be named in the Prospectus as a Registry to the Offer in the form and context in which it is named.

Each of the parties named above:

- has not withdrawn its consent for the lodgement of this Prospectus with ASIC;
- has not authorised or caused the issue of this Prospectus;
- has not made any statement in this Prospectus, or any statement on which any statement in this Prospectus is based except where expressly stated above;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of the Prospectus other than a reference to its name; and
- was not involved in the preparation of the Prospectus or any part of it except where expressly attributed to that person.

MATERIAL CONTRACTS

9.1 DISTRIBUTION AGREEMENTS

a) USA - Exelint International Co.

On 15 June 2004 IMD Group entered into an exclusive Distribution Agreement with Exelint International Co. The agreement is for the exclusive distribution of the IMD Group's manual retractable safety syringe and sharps containers in the United States of America and non-exclusive distribution into the United Kingdom.

The term of the agreement is 2 years and is conditional upon the IMD Group obtaining FDA approval (FDA 510K approval) for the importation of the IMD Group manual retractable safety syringe to the USA.

Exelint International Co. has a trial period of 6 months following the achievement of FDA 510K approval to gain market feedback so both parties can then agree to acceptable quantities going forward.

Furthermore IMD Group agrees to supply 50,000 syringes at no cost to Exelint International Co. for product evaluation, within 45 days after receipt and approval of Exelint International Co. artwork.

The product sold through the agreement will be labelled Exelint International Co. product or any third party brand Exelint International Co. may arrange.

Exelint International Co. agrees to develop a market for, and promote the sale of the Product in the Territory. Exelint International Co. shall also have the first right to be exclusive distributor in the territory of any new products developed by BMDi.

The agreement was signed with the expectation by both parties that 50 million mixed retractable syringes over two years would be purchased and a further US$1,000,000 of medical sharps containers would be purchased in the first year of the agreement.

b) India - Medicare Distributors

On 7 September 2004 IMD Group entered into an exclusive distribution licencing agreement with Medicare Distributors in India for the Tamil Nadu and Pondicherry regions in India. The products covered under the agreement are all current products under manufacture with a first right of refusal on all future products developed under the BMDi banner.

The agreement is conditional upon approval being received from any relevant regulatory authority for the importation of the product to the territory. Currently, India does not regulate the importation of medical devices.

The initial term of the agreement is set at 2 years and the product shall be supplied at the place of manufacture (currently China) with the distributor being responsible for freight.

c) India - Mr. Disposable

On 8 September 2004 IMD Group entered into an exclusive distribution licencing agreement with Mr. Disposable in India for the Delhi, Punjab, Haryana, Himachal Pradesh, Jamu Kashmir, Rajasthan, Uttranchal and Uttar Pradesh regions in India. The products covered under the agreement are all current products under manufacture with a first right of refusal on all future products developed under the BMDi banner.

The agreement is conditional upon approval being received from any relevant regulatory authority for the importation of the product to the territory. Currently, India does not regulate the importation of medical devices.

The initial term of the agreement is set at 2 years and the product shall be supplied at the place of manufacture (currently China) with the distributor being responsible for freight.

9.2 PERFORMANCE SHARES

The Company has 10,000,000 Performance Shares on issue with the following material terms and conditions:

(a) the Performance Shares do not carry any voting rights in the Company;

(b) the Performance Shares are not transferable; and

(c) each Performance Share shall:
   i) convert to one fully paid Ordinary Share if the IMD Group reports a net profit attributable to members of the parent entity before income tax and adjusted for interest of greater than $0 for any six month reporting period to 31 December or 30 June (Reporting Date) commencing in the first 3 years after the Company is Listed on the ASX (Performance Hurdle); or

ii) on the last Reporting Date at which the Performance Hurdle can be met, convert to one one hundred thousandth (1/100,000th) of a fully paid Ordinary Share, rounded up to the nearest whole number, if the Performance Hurdle is not met.

9.3 EXECUTIVE SERVICES AGREEMENT WITH ROBERT ARCHER

On 1 November 2004, the Company entered into an executive services agreement (Executive Services Agreement) with Mr Robert Archer, pursuant to which Mr Archer is engaged as Managing Director of the Company for an initial period of 18 months (Appointment).

The Appointment is subject to renewal for a further term by the mutual agreement of Mr Archer and IMD Group.

The Appointment may be terminated by either Mr Archer or the Company by giving 1 month's written notice to the other party. If the termination date is prior to the end of the contract period, Mr Archer will be paid 12 months salary including allowances and superannuation.

IMD Group will pay a salary of $200,000 per annum plus statutory superannuation to Mr Archer (Salary). The Salary will be subject to a review on the 12 month anniversary of the Appointment.

Mr Archer will also participate in an incentive program with a maximum bonus payment of 50% of his base wage. This will be subject to internal performance hurdles.

The Company will also pay a car allowance to Mr Archer.

9.4 TECHNOLOGY LICENCE AGREEMENT WITH PETER AUSTIN AND VON PACE PTY LTD

IMD Group Limited entered a technology licence agreement with Peter George Austin and Von Pace Pty Ltd on 2 June 2004 for the granting of an exclusive licence to manufacture, market and sell a range of medical products including an automatically retractable syringe, a needle device, a catheter retractable assembly and a vacutainer blood collection device. Refer to **Section 6** of this Prospectus for further details.

Peter Austin and Von Pace Pty Ltd also granted IMD Group right of first refusal in relation to any future designs, patents and inventions.

Consideration was agreed to be a payment of $50,000 at time of signing the agreement and a further $50,000 for each invention as its Patent is granted with a provisional Patent or they are either manufactured or sold, whichever is the earliest.

IMD Group has also agreed to pay a royalty of 10% of the Gross sale price less manufacturing costs, taxes and levy's to the Licensors.

9.5 JOINT VENTURE AGREEMENT WITH JPT SYRINGE (S) PTE. LTD

IMD Group entered into a joint venture agreement with JPt Syringe (S) PTE. LTD (Singapore) (JPt) on 17 November 2003 for the establishment of a joint venture company to be known as Bio Medical Development International Pty Ltd, (BMDi) for the purpose of producing and marketing a range of JPt Syringe products, including the JPt Non-Reusable Syringe, the JPt Retractable Syringe, the Multi-Med-Uses Retractable Non-Reusable Syringe and the Vacuum Auto Retractable Safety Syringe. Refer to **Section 6** of this Prospectus for further details.

Under the agreement JPt and the Inventor, Mr Teng Jun Piao, agreed to transfer and assign all their respective right, title and interest in the products and the patents to the BMDi.

At the commencement of operations JPt and IMD Group each held an equal shareholding in BMDi. The shareholding of BMDi has been changed to 70% owned by IMD Group and 30% owned by JPt Syringe following completion of a condition whereby IMD Group established a USA marketing office.

9.6 LICENCE AGREEMENT WITH BENCRAI PTY LTD

IMD Group entered a technology licence agreement with Bencrai Pty Ltd on 14 July 2004 for the granting of an exclusive licence to manufacture, market and sell a range manual water pumps as well as any trademarks, registered names, patents and technologies associated with these products. Refer to **Section 6** of this Prospectus for further details.

Bencrai Pty Ltd also granted IMD Group a right of first refusal in relation to any future designs, patents and inventions.

Consideration was agreed to be a payment of $15,000 at time of signing the agreement and a further $50,000 advance which will be repaid by Bencrai Pty Ltd from royalties payable following the sale of the product.

IMD Group has also agreed to pay a royalty of 40% of the gross sale price less manufacturing costs, taxes and levies to the licensors except on 'excluded sales' which include all sales to underdeveloped countries through multilateral aid agencies and financial institutions including but not limited to World Health Organisation, UNICEF, PATH, Red Cross and the World Bank.

It has been agreed that a royalty shall be paid to Bencrai Pty Ltd on excluded sales of 10% of the gross sale price less manufacturing costs, taxes and levies to the licensors.

9.7 MANUFACTURING AGREEMENTS

a) On 31 July 2004 IMD Group signed a manufacturing agreement with Anhui Kangda Medical Products Group in China for the manufacture and assembly of the IMD Group 3cc manual retractable safety syringe.

   This agreement is for an initial period of 3 years, however IMD Group has the power to rescind the agreement at any time if the production facility does not meet IMD Group's requirements, the level of security is insufficient or the manufacturer is not complying with production requirements.

   The cost of delivery will be FOB-China port as nominated by IMD Group and borne by the manufacturer.

b) On 29 July 2004 IMD Group signed a manufacturing agreement with Shandong Zibo Shanchuan Medical Instrument Co. LTD in China for the manufacture and assembly of the IMD Group 5cc and 10cc manual retractable safety syringes.

This agreement is for an initial period of 3 years, however IMD Group can rescind the agreement at any time if the production facility does not meet IMD Group's requirements, the level of security is insufficient or the manufacturer is not complying with production requirements.

The cost of delivery will be FOB-China port as nominated by IMD Group and borne by the manufacturer.

c) On 1 September 2004 IMD Group signed a manufacturing agreement with Jiangxi Sanxin Medical Devices Group Limited in China for the manufacture and assembly of the IMD Group 1cc manual retractable safety syringe.

This agreement is for an initial period of 3 years, however IMD Group can rescind the agreement at any time if the production facility does not meet IMD Group's requirements, the level of security is insufficient or the manufacturer is not complying with production requirements.

The cost of delivery will be FOB-China port as nominated by IMD Group and borne by the manufacturer.

d) On 1 September 2004 IMD Group signed a manufacturing agreement with Zhuihai Luckyman Enterprise Co. Ltd in China for the manufacture and assembly of the IMD Group medical sharps disposal containers and Nomoresharps™ minibackpacks.

This agreement is for an initial period of 3 years, however IMD Group can to rescind the agreement at any time if the production facility does not meet IMD Group's requirements, the level of security is insufficient or the manufacturer is not complying with production requirements.

The cost of delivery will be FOB-China port as nominated by IMD Group and borne by the manufacturer.

e) On 13 April 2004 a Certificate of Business Registration was issued for a company in China, Xiang Fan Health Care Technology Plastic Manufacturing Co. Ltd, for the explicit purpose of manufacturing the luer and gasket component of the 3cc, 5cc and 10cc manual retractable safety syringes. Xiang Fan Health Care Technology Plastic Manufacturing Co. Ltd has signed a lease in the Xiang Fan High-New Tech Zone in Hubei Province and has begun production of the 3cc luer and gaskets for supply to the Anhui Kangda Medical Products Group who manufacture and assemble the other components of the 3cc syringe.

Xiang Fan Health Care Technology Plastic Manufacturing Co. Ltd is owned 100% by Bio Medical Developments International Pty Ltd which has an investment commitment of RMB5.0 million (US$600,460) within 12 months after the date of the granting of the Certificate of Business Registration.

The business has a duration of 15 years under Chinese law.

f) On 18 October 2004 IMD Group signed a manufacturing agreement with AVULCO Healthcare PVT LTD (AVULCO) in Bangalore, India for the manufacture, assembly and delivery of the IMD Group Nomoresharps™ Mini Cutter Model MC 102(I) and the Nomoresharps™ Sharps Container Model SC 102(I).

This agreement is for an initial quantity of 14,000 cutters, 28,000 containers and 200 assorted spare parts to be supplied as directed by Program for Appropriate Technologies in Health (PATH) over the period to July 2005 as well as to fulfil other sales generated through the IMD Group's Indian distribution channels.

9.8 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Constitution will be available for inspection free of charge during normal office hours at the registered office of the Company for three months after the date of this Prospectus.

DEFINITIONS

AEST	means Australian Eastern Summer Time.
Applicant	means a person making an Application.
Application	means a valid Application made to subscribe for a specified number of Shares.
Application Form	means the Application Form provided with this Prospectus.
ASIC	means the Australian Securities & Investments Commission.
ASX	means Australian Stock Exchange Limited.
Board	means the Board of Directors of the Company.
CHESS	means Clearing House Electronic Sub-register System.
Closing Date	means 1 December 2004 being the last day by which Applications will be accepted, or such other date as is determined by the Directors to be the closing date for the Issue.
Company	means IMD Group Limited ABN 30 096 048 912.
Constitution	means the Constitution of the Company.
Corporations Act	means the Corporations Act 2001 (Commonwealth).
Director	means a member of the Board of Directors of the Company.
Dollars or $	means the currency of Australia unless denoted otherwise.
Exposure Period	means the period of 7 days (or longer as ASIC may direct) from the date of lodgement of the Prospectus with ASIC.
Founder Shares	means 38,500,264 Shares issued to the founders of the Company.
IMD Group	means IMD Group Limited and its controlled entities.
Issue	means the issue of Shares under this Prospectus.
Listing Rules	means the official Listing Rules of the ASX.
Offer	means the offer of shares in IMD Group Limited made under this Prospectus.
Performance Shares	means the shares described in Section 9.2 of this Prospectus.
Prospectus	means this Prospectus dated 11 November 2004.
Related Entity	has the meaning given to the term 'Related Body Corporate' by sections 9 and 50 of the Corporations Act 2001 (Cth).
SCH	means ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532, being the Securities Clearing House of ASX.
SCH Business Rules	means the business rules of the SCH.
Seed Capital Shares	means 11,400,000 Shares issued by the Company in consideration of providing project acquisition and working capital to the Company.
Share or share	means a fully paid ordinary share in the capital of the Company.

DIRECTOR'S STATEMENT, AUTHORISATION & CONSENT

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive. With respect to any statements made in the Prospectus other than by Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making those statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn their consent before lodgement of this Prospectus.

Each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

This Prospectus has been signed by Keith Cadell on behalf of the Directors in accordance with a resolution of the Directors.

Dated 11 November 2004.

Keith Cadell
Chairman

IMD Group Limited

ABN 30 096 048 912

Registry Use Only

Broker Code

Adviser Code

Application Form

This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay. You should read the entire prospectus carefully before completing this form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the prospectus.

A **I/we apply for**

Number of Shares in IMD Group Limited at $0.20 per share or such lesser number of shares which may be allocated to me/us. Please note applications must be for a minium of 10,000 shares.

B **I/we lodge full Application Money**

A$.

C **Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)**

Title or Company Name | Given Name(s) | Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

D **Enter your postal address - Include State and Postcode**

Unit | Street Number | Street Name or PO Box /Other Information

City / Suburb / Town | State | Postcode

E **Enter your contact details**

Contact Name | Telephone Number - Business Hours / After Hours

( )

F **CHESS Participant**

Holder Identification Number (HIN)

X

Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any securities issued as a result of the IPO will be held on the Issuer Sponsored subregister.

Cheque details - make your cheque payable to IMD Group Limited - Share Issue Account

G

Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
				A$
				A$

By submitting this Application Form, I/we declare that this application is completed and lodged according to the Prospectus and the declarations/statements on the reverse of this Application form and I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate. I/we agree to be bound by the Constitution of the Company.

See back of form for completion guidelines

How to complete this form

A Shares Applied for

Enter the number of shares you wish to apply for. The application must be for a minimum of 10,000 shares. Applications for greater than 10,000 shares must be in multiples of 2,500 shares.

B Application Monies

Enter the amount of Application Monies. To calculate the amount, multiply the number of shares by the price per share.

C Applicant Name(s)

Enter the full name you wish to appear on the statement of share holding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHESS) participants should complete their name identically to that presently registered in the CHESS system.

D Postal Address

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

F CHESS

IMD Group Limited (the Company) will apply to the ASX to participate in CHESS, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Stock Exchange Limited. In CHESS, the company will operate an electronic CHESS Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of shares allotted. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold shares allotted to you under this Application on the CHESS Subregister, enter your CHESS HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

G Payment

Make your cheque or bank draft payable to IMD Share Offer in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian Bank.

Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box B.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Pin (do not staple) your cheque(s) to the Application Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.

Before completing the Application Form the applicant(s) should read this prospectus to which this application relates. By lodging the Application Form, the applicant agrees that this application for shares in IMD Group Limited is upon and subject to the terms of the prospectus and the Constitution of IMD Group Limited, agrees to take any number of shares that may be allotted to the Applicant(s) pursuant to the prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

Application Forms must be received at the Company's Registered Office no later than 5pm AEST on 1 December 2004.
Return the Application Form with cheque(s) attached to:

IMD Group Limited
Level 8, 261 George Street
SYDNEY NSW 2000

Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS"), as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or E-mail privacy@computershare.com.au

If you have any enquiries concerning your application, please contact IMD Group Limited on +61-2 9247 5087

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold shares. Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and the surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable title(s) below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual - Use given name(s) in full, not initials	Mr John Alfred Smith	J.A Smith
Joint - Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company - Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts - Use trustee(s) personal name(s) - Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
Deceased Estates - Use executor(s) personal name(s) - Do not use the name of the deceased	Mr Michael Smith <Est John Smith A/C>	Estate of Late John Smith
Minor (a person under the age of 18) - Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Peter Smith
Partnerships - Use partners personal name(s) - Do not use the name of the partnership	Mr John Smith & Mr Michael Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names - Use office bearer(s) personal name(s) - Do not use the name of the club etc	Mrs Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds - Use the name of trustee of the fund - Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund

ASXAAASXAAA IPO

IMD Group Limited

ABN 30 096 048 912

Registry Use Only

Broker Code

Adviser Code

Application Form

This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay. You should read the entire prospectus carefully before completing this form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the prospectus.

A **I/we apply for**

Number of Shares in IMD Group Limited at $0.20 per share or such lesser number of shares which may be allocated to me/us. Please note applications must be for a minium of 10,000 shares.

B **I/we lodge full Application Money**

A$.

C **Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)**

Title or Company Name | Given Name(s) | Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

D **Enter your postal address - Include State and Postcode**

Unit | Street Number | Street Name or PO Box /Other Information

City / Suburb / Town | State | Postcode

E **Enter your contact details**

Contact Name | Telephone Number - Business Hours / After Hours

( )

F **CHESS Participant**

Holder Identification Number (HIN)

X

Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any securities issued as a result of the IPO will be held on the Issuer Sponsored subregister.

Cheque details - make your cheque payable to IMD Group Limited - Share Issue Account

G

Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
				A$
				A$

By submitting this Application Form, I/we declare that this application is completed and lodged according to the Prospectus and the declarations/statements on the reverse of this Application form and I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate. I/we agree to be bound by the Constitution of the Company.

See back of form for completion guidelines

How to complete this form

A Shares Applied for

Enter the number of shares you wish to apply for. The application must be for a minimum of 10,000 shares. Applications for greater than 10,000 shares must be in multiples of 2,500 shares.

B Application Monies

Enter the amount of Application Monies. To calculate the amount, multiply the number of shares by the price per share.

C Applicant Name(s)

Enter the full name you wish to appear on the statement of share holding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHESS) participants should complete their name identically to that presently registered in the CHESS system.

D Postal Address

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

F CHESS

IMD Group Limited (the Company) will apply to the ASX to participate in CHESS, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Stock Exchange Limited. In CHESS, the company will operate an electronic CHESS Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of shares allotted. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold shares allotted to you under this Application on the CHESS Subregister, enter your CHESS HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

G Payment

Make your cheque or bank draft payable to IMD Share Offer in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian Bank.

Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box B.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Pin (do not staple) your cheque(s) to the Application Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.

Before completing the Application Form the applicant(s) should read this prospectus to which this application relates. By lodging the Application Form, the applicant agrees that this application for shares in IMD Group Limited is upon and subject to the terms of the prospectus and the Constitution of IMD Group Limited, agrees to take any number of shares that may be allotted to the Applicant(s) pursuant to the prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

Application Forms must be received at the Company's Registered Office no later than 5pm AEST on 1 December 2004.
Return the Application Form with cheque(s) attached to:

IMD Group Limited
Level 8, 261 George Street
SYDNEY NSW 2000

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