



Level 8
261 George Street
Sydney NSW 2000
Australia
Tel: 61 2 9247 5087
Fax: 61 2 9247 7273

ABN 30 096 048 912

27 February 2007

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

(20 pages by email)

Dear Madam

HALF YEAR REPORTS

In accordance with Listing Rule 4.2A, I attach the Company's Appendix 4D and Interim Financial Report for the half year ended 31 December 2006. This Interim Financial Report should be read in conjunction with the Company's 30 June 2006 Annual Report.

Yours sincerely

A handwritten signature in black ink, appearing to read "P. Nightingale", with a stylized, cursive script.

Peter J. Nightingale
Company Secretary

pjn3683

Appendix 4D

Half Year Report

Name of entity

IMD GROUP LIMITED

ABN or equivalent company
reference

30 096 048 912

Half year ended ('current period')

31 DECEMBER 2006

Results for announcement to the market

Revenues from ordinary activities	up	70%	to	535,685
Loss from ordinary activities after tax attributable to members	down	47%	to	631,995
Net loss for the period attributable to members	down	47%	to	631,995
Dividends (distributions)				
	Amount per security		Franked amount per security	
Final dividend	Nil		N/A	
Interim dividend	Nil		N/A	
Previous corresponding period				
Final dividend	Nil		N/A	
Interim dividend	Nil		N/A	
Record date for determining entitlements to the dividend.				
N/A				
Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				
Refer attached reports.				
NTA backing		Current period		Previous corresponding period
Net tangible asset backing per ordinary security		0.5 cents		2.1 cents

IMD GROUP LIMITED

A.B.N. 30 096 048 912

and its controlled entities

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2006**

IMD GROUP LIMITED AND ITS CONTROLLED ENTITIES

CONTENTS

	Page
Directors' Report	1
Lead Auditor's Independence Declaration	5
Consolidated Interim Income Statement	6
Consolidated Interim Statement of Recognised Income and Expense	7
Consolidated Interim Balance Sheet	8
Consolidated Interim Statement of Cash Flows	9
Condensed Notes to the Interim Financial Report	10
Directors' Declaration	14
Independent Auditor's Review Report	15
Corporate Directory	16

Directors' Report

The directors present their report together with the financial report of the consolidated entity, being IMD Group Limited ('the Company') and its controlled entities for the half year ended 31 December 2006 and the review report thereon.

Directors

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

Keith Cadell

Independent Non-Executive Chairman

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

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

Peter E. Roberts

Independent Non-Executive Director

Peter Roberts has extensive experience in business and accounting for over 30 years. Mr Roberts was with Coopers and Lybrand Australia for over 20 years, where he held many senior positions including Managing Partner Darwin Office, Partner in Charge, Sydney Office Business Services Division and Partner in Charge, Sydney Office Public Sector and Healthcare Consulting Groups. He has worked with many large organisations including Qantas, Australian Consolidated Press, Consolidated Press Holdings, Northern Territory Department of Treasury, Territory Insurance Office and NSW State Rail Authority. Mr Roberts is currently Managing Director, 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.

He has been a Director since 23 July 2004.

Thomas J. Mann

Independent Non-Executive Director

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

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

He has been a Director since 17 February 2006.

Gary L. Lewis

Independent Non-Executive Director

Gary Lewis holds a Bachelor of Commerce and Masters of Business & Technology (MBT) from the University of NSW. In addition to running his own investment and marketing services businesses, Gary has worked in senior management positions in some of Australia's largest organisations, in industries as diverse as pharmaceuticals and fast moving packaged goods. He has also worked with a number of Australia public companies over the past ten years in advisory positions, with an emphasis on corporate strategy and business development. Gary is currently also an executive director of listed company Robust Resources Limited.

He has been a Director since 24 November 2006.

Directors' Report

Peter J. Nightingale Company Secretary

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

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

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

Review of Operations

The principal activities of the Company during the half year ended 31 December 2006 were focused on finalising the Terumo supply agreement, fulfilling large customer orders in the USA, Greece, Kuwait, Kyrgyzstan and India, finalising the development of a new range of medical sharps disposal containers and the submission of a Commercial Ready Grant Application with the Innovation Branch - AusIndustry Department of Industry, Tourism & Resources for final development and commercialisation of IMD's auto retractable safety syringe. IMD also directly and indirectly participated in a number of tenders including one with UNICEF. The Company also participated for the second time at Medica in Germany.

Significant achievements resulting from these activities included:

- The signing of a 2 year agreement with Terumo Corporation, Australia Branch, for the supply of a comprehensive range of medical sharps containers.
- The signing of a 2 year Long Term Agreement with UNICEF for the supply of needle cutters with the first order for 2,500 units awarded in August 2006.
- The introduction of a new range of operating theatre medical sharps containers sourced from Italy.
- The commencement of supply of syringes and plastic needle products to Inviro Medical in the USA.
- The commencement of supply of syringes and hypodermic needle products to D. Analytical in Greece and the receipt of a follow-up orders for shipments in 2007.
- The supply of medical sharps collectors to MedHitech in Kyrgyzstan for delivery to The Global Fund Project to Fight Aids, TB and Malaria.
- Further deliveries of sharps collector and syringe products to Kuwait.
- Participation at Medica in Düsseldorf resulting in the securing of potential European customers.
- Successful application for a Commercial Ready Grant in the order of \$250,000.

The Company's primary focus continues to be on the development, manufacture and distribution of safety products for the healthcare industry, including the following products which will be marketed under the BMDi Nomosharps™ label:

- An expanding range of medical sharps disposal containers both developed and manufactured in-house and sourced from manufacturing partners in Europe.
- A range of needle disposal units (cutters).
- A range of manual retractable safety syringes in 0.5cc, 1.0cc, 3cc, 5cc and 10cc sizes.
- The development of IMD's automatic retractable safety syringe.

Sourcing and supply of products has become another key part of IMD's business with the signing of a Heads of Agreement with Inviro Medical in the USA in May 2006.

The Heads of Agreement provides for IMD to be a source of manufacture and supply of a number of Inviro Medical products including:

- InviroLINK>> Vial Access Plastic Cannula, a patented vial access safety solution that offers passive protection to healthcare workers by replacing steel needles for withdrawing medication from vials. The InviroLINK>> provides a safer alternative for vial access syringe filling for patient injection or for injection into a split septum or needlefree connector IV site. The InviroLINK>> Vial Access Plastic Cannula requires little or no change in existing protocols and is simple to use.

Directors' Report

- InviroLINK>> Vial Access Plastic Cannula Luer Lock Syringe, a medication delivery system which incorporates the InviroLINK>> Vial Access Plastic Cannula fitted to a standard Luer Lock Syringe.
- InviroSNAP! Luer Lock Safety Syringe Exchangeable Needle Injection System which is a custom-engineered manually retractable syringe that provides unique safety features with the added ability to exchange needles, or to use the InviroLINK>> Vial Access Plastic Cannula.

Nomoresharps™ Medical Sharps Disposal Containers

The Company has expanded the range of medical sharps disposal containers and now boasts a range of products from 200ml through to 60 litre sizes, thus enabling the Company to address all market segments in Australia and make bigger inroads into a number of overseas markets. The Company has complemented its already comprehensive range of in-house produced containers with a range of models sourced from manufacturing partners in Europe.

The Company's 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 the mouth of the container to stop spillage and a unique design for capturing used syringes which prevents them from exiting the bin.

The products meet both Australian Standard AS4031 and British Standard BS 7320. The containers are designed with manufacturing cost in mind and are available to the market at a competitive price relative to other manufacturers. The Company is also progressing towards UN certification which will enable IMD to access markets in the UK and Europe where UN certification is preferred.

In December 2006 IMD received its first order from Southern Africa for the supply of sharps collectors to John Snow Inc through its distribution partner based in South Africa. These sharps collectors have been specially labelled to carry John Snow's "Making Medical Injections Safer (MMIS)" logo and presents the Company with an opportunity to expand the business in the large African continent where HIV/Aids is in epidemic proportions.

Nomoresharps™ Needle Disposal Unit

The current model 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 with the remaining unusable syringe being general clinical waste.

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 healthcare and hospital industry in developing countries, as well as in vaccination programs sponsored by the World Health Organisation and the United Nations to provide safe disposal of used needles.

The Company is continuing to work in consultation with PATH, WHO and other key aid organisations on the development of a new plastic version of the Nomoresharps™ needle disposal unit which will result in significant manufacturing cost savings.

The first version of a plastic model (Generation 1) is due for release in March 2007.

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 to render the syringe unusable.

In August 2006 the Company secured the right to supply Inviro Medical's InviroSNAP! manual retractable safety syringes, using IMD's existing manufacturer. These products will be manufactured to Inviro's specification and sold under Inviro's label. The initial requirement is for the supply of 12 million units over 12 months commencing in March 2007.

AD Syringes

The AD (auto disable) syringe is used extensively by WHO, UNICEF and UNFPA. These organisations have issued a joint policy statement that AD syringes are the equipment of choice for administering vaccines, both in routine immunization and mass campaigns.

Directors' Report

The device is not a true safety device but has been designed to render the syringe unusable after injection when the plunger is locked and cannot be withdrawn from the syringe body. The AD syringe is a logical addition to the Company's product range given the fact that the Nomoresharps™ needle disposal unit or similar devices may be recommended by these and other aid organisations for destroying the disabled AD syringe as part of the process for safely administering vaccines and the safe disposal of the used syringes.

The Company will continue to investigate and evaluate supply options for AD syringes.

Auto Retractable Safety Syringes

The Company's auto retractable safety syringe is in advanced stages of development. The Company's product is an elegant, simple to operate safety syringe that has been designed for high volume low cost production with a view to making it one of the most affordable automatic safety syringes in the market.

During the past six months IMD taken the product beyond the proof of concept stage and is at the stage of manufacturing prototype units to be used for internal and external evaluation.

The receipt of approval of the Commercial Ready Grant from AusIndustry will enable the Company to fast track the final development and commercialisation of this product, initially in 1ml and 3ml sizes.

The Company's auto retractable safety syringe has been benchmarked against other established international technologies with favourable results.

Other products

The Company is proactively seeking opportunities to identify and source products that will complement the current product range, have low barriers to market entry and can provide the business with volume sales and therefore cash flow. Several suppliers have been identified globally and the Company is in the process of conducting appropriate user and market research on these devices.

Result of Operations

The consolidated operating loss after income tax attributable to members of the Company for the half year ended 31 December 2006 was \$631,995 (2005 - \$1,187,459).

Events Subsequent to Balance Date

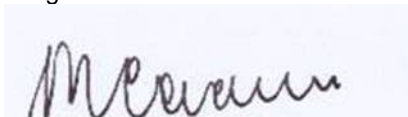
There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

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

The Lead Auditor's Independence Declaration is set out on page 5 and forms part of the Directors' Report for the half year ended 31 December 2006.

Dated at Sydney this 26th day of February 2007.

Signed in accordance with a resolution of the directors:



Keith Cadell
Director

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



I declare that, to the best of my knowledge and belief, in relation to the review for the financial period ended 31 December 2006, there have been:

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

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

KPMG

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

S.J. Board
Partner

26 February 2007

IMD GROUP LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2006

	Notes	Consolidated 31 December 2006 \$	Consolidated 31 December 2005 \$
Revenue from sale of goods		526,812	288,595
Financial income		8,873	26,622
Expenses			
- Changes in inventories		(22,347)	416
- Raw materials and consumables consumed		(346,058)	(282,732)
- Administration and consultants' expenses		(385,327)	(297,486)
- Audit fees		(18,429)	(11,500)
- Depreciation and amortisation		(25,175)	(11,666)
- Advertising and marketing		(23,605)	(21,120)
- Direct research and development expenses		(52,577)	(107,146)
- Employee and director expenses		(201,666)	(330,516)
- Rent and outgoings expenses		(18,578)	(30,858)
- Travel		(68,703)	(94,076)
- Fixed assets impairment		-	(177,811)
- Other expenses		(5,215)	(138,181)
Loss before income tax		(631,995)	(1,187,459)
Income tax expense		-	-
Loss for the period		<u>(631,995)</u>	<u>(1,187,459)</u>
Basic loss per share attributable to ordinary shareholders	5	<u>(0.74) cents</u>	<u>(1.59) cents</u>
Diluted loss per share attributable to ordinary shareholders	5	<u>(0.74) cents</u>	<u>(1.59) cents</u>

This interim income statement is to be read in conjunction with the condensed notes to the interim financial report set out on pages 10 to 13.

IMD GROUP LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED INTERIM STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE SIX MONTHS ENDED 31 DECEMBER 2006

	Consolidated 31 December 2006 \$	Consolidated 31 December 2005 \$
Net income recognised directly in equity	-	-
Loss for the period	<u>(631,995)</u>	<u>(1,187,459)</u>
Total recognised income and expense for the period	<u>(631,995)</u>	<u>(1,187,459)</u>

The interim statement of recognised income and expense is to be read in conjunction with the condensed notes to the interim financial report set out on pages 10 to 13.

IMD GROUP LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED INTERIM BALANCE SHEET AS AT 31 DECEMBER 2006

	Notes	Consolidated 31 December 2006 \$	Consolidated 30 June 2006 \$
CURRENT ASSETS			
Cash and cash equivalents		363,715	823,280
Trade and other receivables		208,537	106,909
Inventories		69,903	92,250
Prepayments		65,422	-
Other		1,418	14,676
TOTAL CURRENT ASSETS		<u>708,995</u>	<u>1,037,115</u>
NON-CURRENT ASSETS			
Plant and equipment		157,911	146,244
Other		6,667	6,667
TOTAL NON-CURRENT ASSETS		<u>164,578</u>	<u>152,911</u>
TOTAL ASSETS		<u>873,573</u>	<u>1,190,026</u>
CURRENT LIABILITIES			
Trade and other payables		210,817	67,834
Employee entitlements		44,387	32,473
Customer deposits		160,645	-
TOTAL CURRENT LIABILITIES		<u>415,849</u>	<u>100,307</u>
TOTAL LIABILITIES		<u>415,849</u>	<u>100,307</u>
NET ASSETS		<u>457,724</u>	<u>1,089,719</u>
EQUITY			
Issued capital	6	7,509,508	7,509,508
Accumulated losses	7	<u>(7,051,784)</u>	<u>(6,419,789)</u>
TOTAL EQUITY		<u>457,724</u>	<u>1,089,719</u>

This interim balance sheet is to be read in conjunction with the condensed notes to the interim financial report set out on pages 10 to 13.

IMD GROUP LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 31 DECEMBER 2006

	Consolidated 31 December 2006 \$	Consolidated 31 December 2005 \$
Cash flows from operating activities		
Cash receipts from customers	597,737	388,450
Cash paid to suppliers and employees	<u>(945,755)</u>	<u>(1,476,468)</u>
Cash generated from operations	<u>(348,018)</u>	<u>(1,088,018)</u>
Interest received	8,873	26,622
Payments for research and development	<u>(52,577)</u>	<u>(107,146)</u>
Net cash used in operating activities	<u>(391,722)</u>	<u>(1,168,542)</u>
Cash flows from investing activities		
Acquisition of plant and equipment	<u>(52,910)</u>	<u>(57,179)</u>
Net cash used in investing activities	<u>(52,910)</u>	<u>(57,179)</u>
Net increase/(decrease) in cash and cash equivalents	(444,632)	(1,225,720)
Cash and cash equivalents at 1 July	823,280	2,212,764
Effects of exchange rate fluctuations on cash held	<u>(14,933)</u>	<u>7,235</u>
Cash and cash equivalents at 31 December	<u>363,715</u>	<u>994,279</u>

This interim statement of cash flows is to be read in conjunction with the condensed notes to the interim financial report set out on pages 10 to 13.

IMD GROUP LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED NOTES TO THE INTERIM FINANCIAL REPORT

1. Reporting entity

IMD Group Limited (the 'Company') is a company domiciled in Australia. The interim financial report of the Company for the six months ended 31 December 2006 comprises the Company and its subsidiaries (together referred to as the 'consolidated entity'). The consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2006 is available upon request from the Company's registered office at Level 8, 261 George Street, Sydney, NSW, 2000 or at www.imdgroup.com.au.

This interim financial report was approved by the Board of Directors on 26 February 2007.

2. Statement of compliance

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

The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2006.

3. Significant accounting policies

The accounting policies applied by the consolidated entity in this interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2006.

Going concern

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

The consolidated entity has incurred significant trading losses in the half year ended 31 December 2006 and in prior periods. The ongoing operation of the consolidated entity is dependent upon:

- The consolidated entity achieving cash flow positive trading operations; and/or
- The Company raising additional funding from shareholders and/or external parties.

The directors have prepared cash flow projections that support the ability of the consolidated entity to continue as a going concern. These cashflow projections assume significant increases in revenues compared to historical levels achieved.

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

4. Estimates

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

In preparing this interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2006.

IMD GROUP LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED NOTES TO THE INTERIM FINANCIAL REPORT

	Consolidated 31 December 2006 \$	Consolidated 31 December 2005 \$
--	---	---

5. Loss per share

Basic and diluted loss per share have been calculated using:

Net loss for the half year	631,995	1,187,459
Weighted average number of ordinary shares	85,764,264	74,900,264

Terminating preference shares disclosed in the Issued capital note are potential ordinary shares, but are not included in the calculation of diluted loss per share as they are not dilutive.

6. Issued capital

Issued and paid up capital

85,764,264 (2005 – 74,900,264) ordinary shares, fully paid

10,000,000 (2005 – 10,000,000) terminating preference shares, fully paid

7,508,508	6,892,098
1,000	1,000
7,509,508	6,893,098

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

Holders of terminating preference shares are not entitled to receive dividends and are not entitled to vote. Each terminating preference share shall:

- Convert to one fully paid ordinary share if IMD Group Limited and its controlled entities reports a net profit attributable to members of the Company 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 (listing date 17 December 2004) ('Performance Hurdle'); or
- 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.

	Consolidated 31 December 2006 \$	Consolidated 31 December 2005 \$
--	---	---

7. Accumulated losses

Accumulated losses at the beginning of half year	6,419,789	4,152,952
Net loss attributable to members of the Company	631,995	1,187,459
Accumulated losses at the end of the half year	7,051,784	5,340,411

IMD GROUP LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED NOTES TO THE INTERIM FINANCIAL REPORT

8. Financial reporting by segments

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

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

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

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

Geographical segments

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

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

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

IMD GROUP LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED NOTES TO THE INTERIM FINANCIAL REPORT

8. Financial reporting by segments (Con't)

Geographical segments	Australia	China	India	Consolidated Total
	\$	\$	\$	\$
31 December 2005				
Revenue				
External segment revenue	105,421	-	183,174	288,595
Unallocated revenue				26,622
				<u>315,217</u>
Total revenue				<u>315,217</u>
Result				
Segment result	(31,116)	-	37,395	6,279
Unallocated corporate expenses				(1,193,738)
				<u>(1,187,459)</u>
Net loss				<u>(1,187,459)</u>
Assets				
Segment assets	934,733	293,512	453,890	1,682,134
Unallocated corporate assets				-
				<u>1,682,134</u>
Including non-current assets acquired during the year:				
Plant and equipment	35,275	20,590	1,314	57,179
	<u>35,275</u>	<u>20,590</u>	<u>1,314</u>	<u>57,179</u>
Segment liabilities	<u>128,231</u>	<u>1,216</u>	<u>-</u>	<u>129,447</u>

IMD GROUP LIMITED AND ITS CONTROLLED ENTITIES

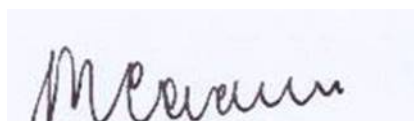
DIRECTORS' DECLARATION

In the opinion of the directors of IMD Group Limited ("the Company"):

- (1) the financial statements and notes, set out on pages 6 to 13, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2006 and of its performance, as represented by the results of its operations and its cash flows for the half year ended on that date; and
 - (ii) complying with AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 26th day of February 2007

Signed in accordance with a resolution of the directors:

A handwritten signature in dark ink, appearing to read 'M. Cadell', is written on a light blue rectangular background.

Keith Cadell
Director



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF IMD GROUP LIMITED

We have reviewed the accompanying interim financial report of IMD Group Limited, which comprises the consolidated interim balance sheet as at 31 December 2006, consolidated interim income statement, consolidated interim statement of recognised income and expense and consolidated interim cash flow statement for the half year ended on that date, a statement of significant accounting policies and other explanatory notes 1 to 8 and the directors' declaration set out on pages 6 to 14 of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and its performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001. As auditor of IMD Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half year ended on that date; and:
- b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the conclusion expressed above, attention is drawn to the following matter. As a result of the matters described in note 3 on going concern, there is significant uncertainty whether the consolidated entity will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report

KPMG
26 February 2007

S.J. Board
Partner

CORPORATE DIRECTORY

Directors:

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

Company Secretary:

Peter J. Nightingale

Chief Executive Officer:

Robert Krakowiak

Registered Office:

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

Postal Address:

Suite 306, Level 3
Gateway Business Park
63-79 Parramatta Road
Silverwater NSW 2128
Phone: 61-2 9648 4224
Fax: 61-2 9648 4225

Share Registrar:

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

Auditors:

KPMG
Level 16, Riparian Plaza
71 Eagle Street
BRISBANE QLD 4000

Home Exchange:

Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Solicitors:

Minter Ellison
88 Phillip Street
SYDNEY NSW 2000

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