



ABN 30 096 048 912

Level 8
261 George Street
Sydney NSW 2000
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18 May 2006

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

(7 pages by email)

Dear Madam,

IMD Group Limited Share Purchase Plan

Further to the Company's announcement dated 11 May 2006, I attach details of the IMD Group Share Purchase Plan to be despatched to shareholders.

For further information, please contact Tom Mann or Peter Nightingale on (61-2) 9247 5087.

Yours sincerely,

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

Peter J. Nightingale
Company Secretary

pjn3504



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22 May 2006

Dear Fellow Shareholder

IMD Group Limited Share Purchase Plan

As announced to the Australian Stock Exchange ('ASX') on 11 May 2006, the Board of Directors of IMD Group Limited ('IMD' or 'the Company') is pleased to provide eligible shareholders with the opportunity to participate in the capital raising initiatives of IMD through a Share Purchase Plan ('SPP').

The SPP follows completion by the Company of a \$600,000 capital raising by way of private placements on 11 May 2006.

The Directors encourage all eligible shareholders to consider taking advantage of this opportunity to acquire IMD shares through the SPP without brokerage or other transaction costs and at a discount of approximately 19% to market share price at the time the SPP was announced.

Review of Operations

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

- An enhanced range medical sharps disposal containers to be launched on the Australian market in 2006.
- A range of needle disposal units (cutters).
- An enhanced range of manual retractable safety syringes in 0.5cc, 1.0cc, 3cc, 5cc and 10cc sizes.
- A new range of auto disable ('AD') syringes in 0.5cc, 1.0cc, 2cc, 5cc and 10cc sizes.

In addition to these lead products which are currently being manufactured or scheduled to be in production before the end of the year, the Company will continue to source and sell a range of standard disposable syringes in markets outside Australia where it is opportune and profitable to do so.

Other products that are planned to be released under agency agreements with USA supply partners include:

- A battery operated 'Plasma Arc' needle disintegrator suitable for use by diabetics.
- A range of blood collection needle removal devices for sale to pathology laboratories.
- A personal needle disposal system for use by diabetics.

***Nomoresharps*TM Medical Sharps Disposal Containers**

The Company has developed a comprehensive range of medical sharps disposal containers which are available in all sizes commonly used for the disposal of general medical sharps waste. In addition, the 10 litre and 19 litre models also come in versions suitable for collection of cytotoxic hazardous waste.

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 product meets 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.

In late 2005, a new range of 'nestable' safety sharps containers has been designed in a screw lid and 'roll-top' configuration. In addition to the significant transport cost savings which result from the containers being nestable, initial market feedback on the design has been very positive and the Company anticipates that the new range of containers will capture a significant share of the safety sharps container market.

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 has been working 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.

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.

The Company has secured arrangement to source manual retractable safety syringes from an existing manufacturer, Shandong Weigao. These products will be white labelled and branded as the Company's product.

The Company has established a relationship with a Chinese development and manufacturing partner for the supply of an enhanced range of manual retractable safety syringes. This partner is already set up for auto assembly of these devices and has both CE and FDA 510K certification on their safety syringes. The Company now has the capacity to quote for the immediate supply of significant volume of product and has enabled the Company to enter into dialogue with a potential USA partner for the supply of a complete range of safety retractable syringes to the USA and other markets.

Auto Disable Syringes

The AD 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. 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.

Auto Retractable Safety Syringes

The Company's auto retractable safety syringe is in 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.

The Company has completed the proof of concept stage of development of the IMD auto retractable safety syringe in 1cc and 3cc sizes. The proof of concept was successful and work is currently underway to design the manufacturing process to be used by the Company's China manufacturing and development partner. Prototype tooling for manufacturing is currently being designed and several thousand prototype samples will be produced for clinical evaluation prior release for external testing and certification by TGA, CE and FDA.

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

In the developed world, IMD believes that the diabetic market is a prospective, growing niche opportunity on which to focus. The Company has acquired the rights to distribute a number of products in this niche segment, including:

- A portable diabetic syringe and lancet disposal system.
- A portable battery powered unit which utilises technology to destroy insulin syringe needles and insulin pen needles.
- A range of safety and standard lancets used for blood sugar testing by diabetics.

Purpose of the Capital Fund Raising

Funds raised by the SPP will be used for:

- the continued development, manufacture and distribution of the Company's existing product ranges of medical sharps disposal containers, needle disposal units and safety syringes;
- the development or sourcing and distribution of new products including a range of standard disposable syringes, auto retractable safety syringes and other safety products for the healthcare industry;
- working capital purposes.

Eligible Shareholders

The right to participate in the SPP is available to holders of fully paid ordinary shares on the record date of 18 May 2006 and whose registered address is in Australia or New Zealand. Unfortunately, it is not practical for the SPP to be offered to our shareholders with a registered address in other countries.

Under the SPP, eligible shareholders are entitled to purchase up to \$4,998 in additional shares at \$0.07, representing a discount of approximately 19% to the weighted average market share price for the five business days preceding 11 May 2006, being the date on which the SPP was announced. All eligible shareholders now have the opportunity to subscribe for additional shares at the same price without paying any brokerage or other transaction costs.

How to Participate in the SPP

Participation in the SPP by eligible shareholders is entirely optional. If you are in any doubt about your participation in the SPP, then you should contact a professional adviser.

The offer is non-renounceable, which means that you cannot transfer your right to purchase shares under the SPP to another person or entity.

The maximum amount of \$4,998 will apply even if you receive more than one offer from the Company.

Issue Price of Shares

The issue price of fully paid ordinary shares under the SPP is \$0.07. This price has been set at a discount of approximately 19% to the weighted average market price of IMD ordinary shares calculated over the five business days preceding the date of 11 May 2006, the date on which the SPP was announced.

The market price of the Company's shares will fluctuate during this offer, but this will not affect the issue price of ordinary shares under the SPP. This means that the market price of IMD shares at the time shares are allotted under the SPP may be either higher or lower than the subscription price.

Maximum Raising

The maximum number of ordinary shares that may be issued under the SPP is 25,470,079 and the maximum amount that may be raised under the SPP is approximately \$1.78 million. If the Company receives acceptances for more than the maximum, it will reduce the number of shares allotted to each shareholder on a pro-rata basis.

Application Instructions

This offer will close at 5:00pm (Sydney time) on 19 June 2006. Further details of the SPP are set out in the terms and conditions on the reverse of the Application Form, which is enclosed. If you wish to participate in the SPP, please read these terms and conditions, and return the application form and payment to be received by the Company prior to the closing of 5.00pm (Sydney time) on 19 June 2006.

The Directors encourage you to read these terms and conditions carefully and in their entirety. You should seek your own financial advice in relation to this offer and your participation in the SPP.

For further information, please contact Tom Mann or Peter Nightingale on (61-2) 9247 5087.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'M Mann', written in a cursive style.

Keith Cadell
Chairman

pjn3503



Level 8
261 George Street
Sydney NSW 2000
Australia
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ABN 30 096 048 912

[Shareholder Name & Address]

[Shareholder Bar Code]

**THIS SAMPLE FORM IS FOR INFORMATION ONLY
VALID APPLICATION FORMS ONLY AVAILABLE FROM COMPUTERSHARE**

Record Date: 18 May 2006

**SHARE PURCHASE PLAN APPLICATION FORM
OFFER CLOSES 19 JUNE 2006**

This is an offer to eligible registered holders in IMD Group Limited ('IMD' or 'the Company') to subscribe for additional shares under the terms and conditions of the Share Purchase Plan ('SPP') as set out on the other side of this application form.

Shares issued under this offer are priced at **\$0.07 per share** and shareholders may subscribe to one of the following offers by ticking the appropriate box below:

Offer A	71,400	\$4,998
Offer B	30,000	\$2,100

Record the details of your cheque below with the relevant payment amount.

Drawer	Bank	Branch	\$ Amount

Please note:

- Payments may only be made by cheque or bank draft in Australian dollars and drawn on an Australian branch of an Australian financial institution.
- Your cheque should be made payable to 'IMD Group Limited' and crossed 'Not Negotiable'.
- Cash payments will not be accepted.
- Should the exact amount not be tendered, IMD reserves the right to return your Application Form and money.

Please provide the following details in case we need to contact you in regards to your application.

Contact Name	Telephone Number 1	Telephone Number 2
	()	()

By returning this Application Form and your cheque to our office, you:

- agree to be bound by the terms and conditions of the SPP and the Company's Constitution; and
- certify and confirm that the subscription price for the shares subject of this offer, together with the subscription price of all other shares issued to me as a registered holder (or, where a beneficiary is noted on the register, to that beneficiary) under the SPP does not exceed \$5,000.

You should allow sufficient time to return your Application Form and cheque so that they are received by the Company **no later than 5.00pm (Sydney time) on 19 June 2006** at:

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

IMD Share Purchase Plan Offer Terms and Conditions

IMD Group Limited ('IMD' or 'the Company') is giving eligible shareholders the opportunity to subscribe for ordinary shares in IMD through a Share Purchase Plan ('SPP'). Participation in the SPP is optional and subject to the following terms and conditions.

Who is eligible to apply under this offer?

You are eligible to subscribe for ordinary shares under this SPP if you were a registered holder of fully paid ordinary shares of IMD at the close of business on the Record Date of 18 May 2006, with a registered address in either Australia or New Zealand.

The offer under the SPP is non-renounceable, which means that you cannot transfer your right to purchase shares under the offer to anyone else.

How much can you invest?

Eligible shareholders may choose to apply for one of the following offers:

	Number of Shares	Payment
Amount		
Offer A:	71,400 shares	\$4,998.00
Offer B:	30,000 shares	\$2,100.00

No brokerage or other transaction costs are payable by participants in the SPP.

How to pay for the shares

You may pay for shares under the SPP only in accordance with the instructions on the other side of this page.

If your payment is not for the exact amount for one of the offers, IMD reserves the right to return your Application Form and cheque or bank draft and not issue any additional IMD shares to you.

When does the offer close?

The Closing Date is 19 June 2006. Applications received by the Company after 5.00pm (Sydney time) on 19 June 2006 will not be accepted.

How was the issue price determined?

The issue price for each share under the SPP is \$0.07, which represents a discount of approximately 19% to the weighted average market price of IMD shares for the five business days preceding 11 May 2006, being the date on which sales of shares occurred preceding 11 May 2006, the date on which the SPP was announced.

The market price of IMD shares may rise or fall. This means that the issue price of \$0.07 under the SPP may exceed the market price at the time of allotment of shares under the SPP. Accordingly, you should consult your stockbroker or professional adviser in relation to this offer and your participation under the SPP. Any change in the market price of IMD shares will not affect the issue price of \$0.07.

Why is your investment limited to \$5,000?

The SPP must comply with the Australian Securities & Investments Commission Class Order [CO 02/831] ('the Class Order'), which limits the participation of each eligible shareholder to \$5,000 worth of ordinary shares. This limit applies to all eligible shareholders even if you receive more than one offer from IMD (for example, because you are a joint holder of shares or because you hold more than one shareholding under separate share accounts). IMD reserves the right to reject any application for shares where it believes that an eligible holder has not complied with this requirement.

Where a trustee or nominee is noted on the IMD share register as holding shares on behalf of another person (beneficiary), the trustee or nominee may, in respect of each such beneficiary, apply under the SPP for shares with a subscription price of up to \$5,000. For the purposes of this acceptance, the beneficiary is deemed to be the registered holder of the relevant shares.

Allotment of Shares

The shares will be allotted as soon as practicable after the offer closes. Shareholding statements will be issued in respect of shares allotted to you under the SPP. You should await confirmation before trading in any shares you have applied for under this offer.

Shares allotted under the SPP will rank equally in all respects with all other fully paid ordinary shares in IMD on the date of issue.

IMD will, promptly after allotment of shares under the SPP, make application for the shares to be listed for quotation on the official list of the Australian Stock Exchange Limited.

Refunds if the SPP is oversubscribed

If the total number of shares applied for by shareholders under the SPP exceeds 25,470,079 shares, then the number of shares allotted to each accepting shareholder will be reduced on a pro-rata basis, subject to rounding the adjusted number of shares at IMD's discretion.

Application moneys to be refunded will be posted to shareholders as soon as practical after the Closing Date. Interest will not be paid on any money refunded.

Change of offer

The SPP may be modified or terminated by IMD any time. IMD will advise the Australian Stock Exchange of any modification or termination.

Without limiting the above, IMD may resolve to allot to any person fewer shares than that person applied for under the SPP if the allotment of those shares would contravene any law or Listing Rules of the Australian Stock Exchange.

Dispute resolution

If any dispute arises in connection with the SPP, IMD may settle it in any manner it thinks fit. It can do that generally, or in relation to any particular participant, application or share. IMD's decision will be final and binding.

IMD reserves the right to waive strict compliance with any provision of the SPP's terms and conditions. The power of IMD in these circumstances may be exercised by the Company's Directors or any delegate of the Directors in accordance with the Corporations Act 2001 and the Company's Constitution.

How can you make further inquiries?

If you have any questions in respect of the SPP, please contact Tom Mann or Peter Nightingale on (61-2) 9247 5087.