IMD GROUP LTD

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ABN 30 096 048 912

7 March 2006

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

(14 pages by email)

Dear Madam

RE: HALF YEAR REPORT

In accordance with Listing Rule 4.2A, I attach the Company's Appendix 4D for the half year ended 31 December 2005. This Half Year Report should be read in conjunction with the Company's 30 June 2005 Annual Report.

Yours sincerely

Peter J. Nightingale
Company Secretary

pjn3374

Appendix 4D

Half Year Report

Name of entity

IMD GROUP LIMITED

ABN or equivalent company reference	Half year ended ('current period')
30 096 048 912	**31 DECEMBER 2005**

Results for announcement to the market

Revenues from ordinary activities	up	680%	to	$315,217
Loss from ordinary activities after tax attributable to members	up	19%	to	$1,187,459
Net loss for the period attributable to members	up	19%	to	$1,187,459

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend Interim dividend	Nil Nil	N/A N/A
Previous corresponding period Final dividend Interim dividend	Nil Nil	N/A 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	2.1 cents	5.5 cents

Compliance statement

1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

2 This report, and the accounts upon which the report is based (if separate), use the same accounting policies.

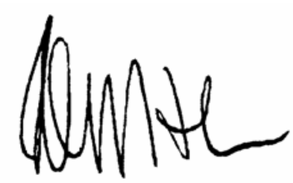
3 This report does give a true and fair view of the matters disclosed.

4 This report is based on accounts to which one of the following applies.
(Cross one)

☐	The +accounts have been audited.	☐	The +accounts have been subject to review.
☒	The +accounts are in the process of being audited or subject to review.	☐	The +accounts have *not* yet been audited or reviewed.

5 If the audit report or review by the auditor is not attached, details of any qualifications will follow immediately they are available

6 The entity does not have a formally constituted audit committee.



Sign here: .... Date: 7 March 2006
(Company Secretary)
Print name: Peter J. Nightingale

IMD GROUP LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	Notes	Consolidated Six Months Ended 31 December 2005 $	Consolidated Six Months Ended 31 December 2004 $
Revenue from sale of goods		288,595	25,045
Cost of goods sold		(282,316)	(24,405)
Gross profit		6,279	640
Financial income		26,622	15,357
Expenses			
- Administration and consultants' expenses		(297,486)	(448,546)
- Audit fees		(11,500)	(7,000)
- Depreciation and amortisation		(11,666)	(9,113)
- Advertising and marketing		(21,120)	-
- Direct research and development expenses		(107,146)	(55,133)
- Employee and director expenses		(330,516)	(248,915)
- Rent and outgoings expenses		(30,858)	(37,660)
- Travel		(94,076)	(150,894)
- Other expenses		(315,363)	(54,557)
Loss before related income tax expense		(1,187,459)	(995,821)
Income tax expense		-	-
Loss for the period		(1,187,459)	(995,821)
Basic loss per share attributable to ordinary shareholders	2	(1.59) cents	(3.25) cents
Diluted loss per share attributable to ordinary shareholders	2	(1.59) cents	(3.25) cents

This consolidated condensed interim income statement is to be read in conjunction with the notes set out on pages 7 to 13.

IMD GROUP LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	Six Months Ended 31 December 2005 $	Six Months Ended 31 December 2004 $
Net income recognised directly in equity	-	-
Loss for the period	(1,187,459)	(995,821)
Total recognised income and expense for the period	(1,187,459)	(995,821)

The consolidated condensed interim statement of recognised income and expense is to be read in conjunction with the notes set out on pages 7 to 13.

IMD GROUP LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET AS AT 31 DECEMBER 2005

	Notes	Consolidated 31 December 2005 $	Consolidated 30 June 2005 $
CURRENT ASSETS			
Cash and cash equivalents		994,279	2,212,764
Trade and other receivables		83,447	161,938
Inventories		209,491	209,074
Other		2,604	1,515
TOTAL CURRENT ASSETS		1,289,821	2,585,291
NON-CURRENT ASSETS			
Plant and equipment		385,646	534,199
Other		6,667	56,667
TOTAL NON-CURRENT ASSETS		392,313	590,866
TOTAL ASSETS		1,682,134	3,176,157
CURRENT LIABILITIES			
Trade and other payables		99,363	416,345
Employee entitlements		33,084	19,664
TOTAL CURRENT LIABILITIES		129,447	436,009
TOTAL LIABILITIES		129,447	436,009
NET ASSETS		1,552,687	2,740,148
EQUITY			
Issued capital	3	6,893,098	6,893,098
Accumulated losses	4	(5,340,411)	(4,152,950)
TOTAL EQUITY		1,552,687	2,740,148

This consolidated condensed interim balance sheet is to be read in conjunction with the notes set out on pages 7 to 13.

IMD GROUP LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	Consolidated Six Months Ended 31 December 2005 $	Consolidated Six Months Ended 31 December 2004 $
Cash flows from operating activities		
Cash receipts from customers	388,450	27,550
Cash paid to suppliers and employees	(1,476,468)	(1,309,952)
Cash generated from operations	(1,088,018)	(1,282,402)
Interest received	26,622	15,357
Payments for research and development	(107,146)	(58,993)
Net cash from operating activities	(1,168,542)	(1,326,038)
Cash flows from investing activities		
Acquisition of plant and equipment	(57,179)	(322,220)
Net cash from investing activities	(57,179)	(322,220)
Cash flows from financing activities		
Proceeds from issue of share capital	-	6,664,131
Share issue costs	-	(415,921)
Repayment of borrowings	-	(999,728)
Net cash from financing activities	-	5,248,482
Net increase/(decrease) in cash and cash equivalents	(1,225,720)	3,600,224
Cash and cash equivalents at 1 July	2,212,764	169,771
Effects of exchange rate fluctuations on cash held	7,235	-
Cash and cash equivalents at the end of the financial period	994,279	3,769,995

This consolidated condensed interim statement of cash flows is to be read in conjunction with the notes set out on pages 7 to 13.

IMD GROUP LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2005

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

IMD Group Limited (the 'Company') is a company domiciled in Australia. The consolidated financial report of the Company for the half year ended 31 December 2005 comprise the Company and its subsidiaries (together referred to as the 'consolidated entity') and the consolidated entities interest in associates and jointly controlled entities.

Statement of compliance

The condensed consolidated interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001.

International Financial Reporting Standards ('IFRS') form the basis of Australian Accounting Standards adopted by the AASB, being Australian equivalents to IFRS ('AIFRS').

This is the consolidated entities first financial report prepared in accordance with AIFRS and AASB 1 First Time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied. The condensed consolidated interim financial report does not include all of the information required for a full annual financial report.

The interim financial report is to be read in conjunction with the most recent annual financial report, however, the basis of their preparation is different to that of the most recent annual financial report due to the first time adoption of AIFRS. This report must also be read in conjunction with any public announcements made by IMD Group Limited during the half year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

An explanation of how the transition to AIFRS has affected the reported financial position, financial performance and cash flows of the consolidated entity is provided in note 6.

Going concern

The Company and the consolidated entity have incurred significant trading losses in the current half year and in prior periods. The ongoing operation of the Company and the consolidated entity is dependent upon:

- The Company and 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 Company to continue as a going concern.

In the event that the Company does not obtain this funding, it will be unable to continue its operations as a going concern and therefore the Company may not be able to realise its assets and extinguish its liabilities in the normal course of operations and at the amounts stated in the financial statements.

Basis of preparation

The financial report is presented in Australian dollars.

The preparation of an interim financial report in conformity with AASB 134 Interim Financial Reporting requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Con't)

This condensed consolidated interim financial report has been prepared on the basis of AIFRS in issue that are effective or available for early adoption at the consolidated entity's first AIFRS annual reporting date, 30 June 2006. Based on these AIFRS, the Board of Directors have made assumptions about the accounting policies expected to be adopted when the first AIFRS annual financial report is prepared for the year ending 30 June 2006.

These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The preparation of the condensed consolidated interim financial report in accordance with AASB 134 resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under previous GAAP. The accounting policies set out below have been applied consistently to all periods presented in these condensed consolidated interim financial statements. They also have been applied in preparing an opening AIFRS balance sheet at 1 July 2004 for the purposes of the transition to Australian Accounting Standards. AIFRS, as required by AASB 1

The accounting policies have been consistently applied throughout this financial report.

Revenue recognition
Interest revenue

Interest revenue is recognised on an accrual basis.

Sale of goods

Revenue from the sale of goods is recognised when the consolidated entity has passed control of the goods to the buyer.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from or payable to the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating cash flows.

Plant and equipment

Items of plant and equipment are initially recorded at cost and are depreciated over their estimated useful lives using the declining balance method from the date of acquisition.

Office equipment is depreciated at rates between 30% and 60% per annum.

Accounts payable

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company. Trade accounts payable are normally settled within 60 days.

Acquisition of assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Con't)

Basis of consolidation
Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the condensed consolidated interim financial report from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the condensed consolidated interim financial statements.

Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the consolidated entity's interest in the entity with adjustments made to the 'Investment in associates' and 'Share of associates net profits' accounts.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Gains and losses are recognised as the contributed assets are consumed or sold by the associates and jointly controlled entities or, if not consumed or sold by the associate or jointly controlled entity, when the consolidated entity's interest in such entities is disposed of.

Recoverable amount of non-current assets

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

Income tax

Income tax on the income statement for the periods presented comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Con't)

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the consolidated entity has sufficient resources to complete development.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out principle.

Impairment

The carrying amounts of the consolidated entity's assets, other than deferred tax assets and inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

The recoverable amount of assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Recoverable amount

The recoverable amount of the consolidated entity's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Con't)

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each balance date.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

	Consolidated 31 December 2005 $	Consolidated 31 December 2004 $
NOTE 2 - LOSS PER SHARE		
Basic and diluted loss per share have been calculated using:		
for the half year	1,187,459	995,821
Weighted average number of ordinary shares	74,900,264	30,654,597
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.		
NOTE 3 - ISSUED CAPITAL		
Issued and paid up capital		
74,900,264 ordinary shares, fully paid	6,892,098	6,892,098
10,000,000 terminating preference shares, fully paid	1,000	1,000
	6,893,098	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 (‘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.

NOTE 4 - ACCUMULATED LOSSES	**Consolidated 31 December 2005 $**	**Consolidated 31 December 2004 $**
Accumulated losses at the beginning of half year	4,152,952	1,759,754
Net loss attributable to members of the Company	1,187,459	995,821
Accumulated losses at the end of the half year	5,340,411	2,755,575

NOTE 5 - 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 2005				
Revenue				
External segment revenue	105,421	-	183,174	288,595
Unallocated revenue				26,622
Total revenue				315,217
Result				
Segment result	(31,116)	-	37,395	32,901
Unallocated corporate expenses				(1,220,360)
Net loss				(1,187,459)
Assets				
Segment assets	934,733	385,795	453,890	1,774,418
Unallocated corporate assets				-
				1,774,418
Including non-current assets acquired during the year:				
Plant and equipment	35,275	20,590	1,314	57,179
Segment liabilities	183,331	1,216	-	184,547

Geographical segments	Australia	China	India	Consolidated Total
		$	$	$
31 December 2004				
Revenue				
External segment revenue	20,378	3,450	1,217	25,045
Unallocated revenue				15,357
Total revenue				40,402
Result				
Segment result	11,884	2,832	1,217	4,667
Unallocated corporate expenses				(1,000,488)
Net loss				(995,821)
Assets				
Segment assets	4,011,255	337,436	9,579	4,358,270
Unallocated corporate assets				27,667
				4,385,937
Including non-current assets acquired during the year:				
Plant and equipment	94,949	189,228	9,579	293,756
Segment liabilities	248,414	-	-	248,414

NOTE 6 - EXPLANATION OF THE TRANSITION TO AIFRS

As stated in note 1, these are the consolidated entity's first condensed consolidated interim financial statements for part of the period covered by the first AIFRS annual consolidated financial statements prepared in accordance with Australian Accounting Standards – AIFRS.

The accounting policies in note 1 have been applied in preparing the condensed consolidated interim financial statements for the six months ended 31 December 2005, the comparative information for the six months ended 31 December 2004, the financial statements for the year ended 30 June 2005 and the preparation of an opening AIFRS balance sheet at 1 July 2004 (the consolidated entity's date of transition).

The transition to AIFRS has no material impact on the consolidated entity's financial position, financial performance or cash flows, hence the consolidated entity has made no adjustments to amounts reported previously in financial statements prepared in accordance with its previous basis of accounting (previous GAAP).