IMD GROUP LIMITED

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ABN 30 096 048 912

27 September 2007

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

(59 pages by email)

Dear Madam,

ANNUAL REPORT AND NOTICE OF AGM

In accordance with Listing Rule 4.7, I attach the Company's Annual Report for the year ended 30 June 2007. I also attach a copy of the Company's Notice of Annual General Meeting to be held on 30 October 2007.

Yours sincerely

Peter J. Nightingale
Company Secretary

pjn4058

IMD Group Limited
Annual Report 2007
abn 30 096 048 912

helping to make the world a safer place

BMDi

contents

chairman's letter

Dear Fellow Shareholder,

When IMD Group was listed on the Australian Stock Exchange in December 2004, the strategic direction of the Company was based on:

1. A focus on the development of a 3-product strategy namely, medical sharps disposal containers, needle disposal units and syringes.
2. Expansion of the Company's product range within these three categories and the development of alliances with external manufacturers and distributors of medical appliances.
3. To bring our products to market at the least possible cost without compromising quality, to enable the Company to achieve an acceptable profit margin.

While the Managing Director's report provides substantial detail on progress on each of the above points, I do point out two of our major successes during the year, namely:

1. The appointment of Terumo Corporation as our distribution partner in Australia and New Zealand for medical sharps disposal containers. This appointment is expected to provide substantial revenue increases during 2007/08 financial year.
2. In North America our three-pronged supply agreement with safety medical specialist Inviro Medical is gathering traction and we believe this relationship will also result in major revenue gains for IMD in the coming year.

The success of any business revolves around the quality of its people. Accordingly, your Board thought it prudent to appoint a Managing Director with the necessary vision and experience to lead the Company through the next phase of achieving strong organic growth.

Gary Lewis was appointed Managing Director in March 2007, having been a shareholder in IMD since its December 2004 listing. Gary has a strong commercial and business development background, predominantly in the Australian pharmaceutical industry, and has achieved great success in building small-medium enterprises in the health and medical arenas. I am sure you will join the Board in wishing Gary every success.

Long-serving Robert Krakowiak, who has been with the Company since its stock exchange listing, has assumed the role of Chief Operating Officer with a focus on international business development and supply chain management. Robert will capitalise on his invaluable product knowledge and customer relationships to develop further new overseas markets and expand the existing customer and supply base.

I would personally like to thank the dedicated team of IMD Group employees and my fellow directors for their continued efforts. We all look forward to 2008 with confidence.

Yours faithfully

KEITH CADELL: CHAIRMAN

operating and financial review

MANAGING DIRECTOR'S REPORT

As a long time shareholder in IMD, I feel it is time for the Company to start realising the obvious potential it has exhibited since listing on the Australian Stock Exchange in December 2004. Having spent the first few months following my appointment as Managing Director reviewing operations and external relationships, I am of the firm belief that our Company has reached the tipping point in its development, and is poised to reap the benefits of its continued focus on the development and manufacture of safety medical products for the global healthcare industry.

While I am the first to acknowledge that the bottom line result does not reflect well on the Company, IMD has invested heavily in its future, and continues to outperform its ASX-listed peers on key financial indicators, a fact that continues to go unnoticed by the market. As I speak to brokers, investors, shareholders, even our suppliers, I feel the main reason for this is that our business is not well understood, even misunderstood, by the market. That's why, in this Annual Report, in addition to satisfying our statutory reporting requirements, my objective is to explain how the business has developed over the last financial year and to provide a clear description of our activities. In this way, we will be able to provide stakeholders and the market in general with greater insight into our operations and business strengths.

THE YEAR IN REVIEW

The primary focus of IMD continues be on the sourcing, development and manufacture of a range of medical collection and injection devices targeted at reducing the incidence of sharps injuries within the global healthcare industry. In addition to marketing its own BMDi and Nomoresharps™ brands, the Company has developed a particular expertise in medical device sourcing, including the outsourced manufacturing of medical devices and related products for distribution by major international medical device companies (OEM). The marketing of this OEM capability has resulted in significant revenue growth for the Company over the past twelve months, as evidenced below.

Revenue from Ordinary Activities (A$'000)

The year ended 30 June 2007 has seen good progress for IMD Group Limited and its controlled entities. Sales on continuing activities are well up on prior year, the result of actions taken over the past 12 to 18 months, i.e.:

Increased the focus and rate of investment in new products, including:

- Expansion of the sharps collector product portfolio, including the launch of a 'next generation' range of safety medical waste containers. Market acceptance has been very encouraging with significant new business being generated in Australia/NZ, the UK and India.
- Expansion of the DCAP (Developing Countries Aid Projects) portfolio with the development of 7 new collection and 12 new injection products. Further enhancing our positioning as the specialist provider to third-world markets, IMD has also developed a less expensive version of its market leading Nomoresharps™ Needle Disposal Unit, which has resulted in significant new opportunities in South East Asia and the Sub Continent.
- Development is well advanced on the Company's auto retractable safety syringe, with user evaluations completed in July 2007, and product being shipped to the USA for clinical evaluation and market appraisal later this year.
- Entered into negotiations on a number of exclusive supply agreements for the launch of third-party safety medical products into the Australia/NZ marketplace.

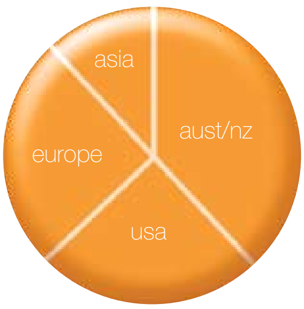
operating and financial review

- Increased investment in new markets, with the expansion of the IMD distributor base to include further market coverage in Europe, Asia, Middle East and the Sub Continent. The Company is also expanding market share in Australia/NZ via its exclusive distribution agreement with Terumo Corporation.
- Increased investment in sales and marketing, including the appointment of a product specialist to support the Terumo rollout in Australia/NZ; and a greater presence at domestic and international trade shows.
- Entered into supply agreements with key manufacturing partners, thereby significantly enhancing our capability as an OEM provider. Recent agreements signed with Eversincere Sanxin and Shandong Weigao, for example, has resulted in the development and manufacture of an expanded range of products being supplied to Inviro Medical in the USA leading to a significant increase in revenue.

The IMD business continues to deliver strong margins across all product groups. The key to our future economic success therefore, will come from a continued focus on growing sales, rather than any further reduction at the cost line. The markets in which we operate are growing, so revenue growth should follow if we continue on the current path of new product development, distributor arrangements and other initiatives designed to enhance the Company's market position.

One of the key strengths of the IMD business is the diversified nature of its customer and product base. As the pie charts below illustrate, no single product or customer accounts for more than 40% and 30% of the Company's sales respectively. This diversification reduces overall business risk and will be further enhanced in 2008 as new products are launched and new distribution partners acquired.

Sales by Region (%)



Sales by Product (%)

AUSTRALIA/NZ

Australian revenues grew sharply in 2007, the result of the successful implementation of the exclusive supply agreement with Terumo Corporation, one of the world's leading manufacturers and distributors of medical products. The Company appointed a product specialist to assist Terumo representatives with the further rollout of distribution, and has increased it marketing presence at trade shows in Australia and New Zealand. In addition, IMD has enhanced its distribution methodology by partnering with waste management companies, which enables the Company to offer a turnkey solution to hospitals, clinics and aged care facilities by integrating the supply of collection units with medical waste destruction and disposal services.

The Company is expanding its product portfolio in the Australian/NZ market in the 2007/08 financial year, with the introduction of a range of safety injection devices and is also evaluating a number of third-party safety medical products for launch.

operating and financial review

INDIA

The Indian regional office continues to play a significant and strategic role for the business, and will be a focal point for the launch of the Company's expanded DCAP (Developing Countries Aid Projects) product portfolio in the coming year. As well as providing the Company with revenue growth over the past twelve months, the Indian office has established distribution channels across the country (11 active distributors) and in neighbouring markets (Sri Lanka, Bangladesh and Pakistan), and has achieved sales in Central Asia, the Middle East and Africa.

UNITED STATES OF AMERICA

Sales into the USA, where the government has mandated the use of safety injection devices, resulted in strong revenue growth for the Company over the past twelve months. IMD successfully implemented its June 2006 Heads of Agreement with Inviro Medical, a USA based safety medical devices company, and has entered into further agreements with that company. IMD is the manufacturer and preferred supplier 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.
- 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 and incorporating the Inviro patented "White Stripe".
- 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.
- InviroSTRIPE a patented 'write-on' stripe, which allows critical information to be recorded directly onto the syringe barrel. Available on Luer Lock Syringes and Luer Lock with InviroLINK>> Syringes.

In July 2007, IMD announced that the US Food and Drug Administration (FDA) had granted registration to a range of 22 safety injection products developed by the Company, and was now supplying up to 2 million devices monthly to Inviro Medical for sale into the USA and Canada.

In addition to the above, IMD is working with Inviro on the development of a number of new safety injection products for launch in the 2007/08 financial year, and has signed agreements in relation to Inviro distributing IMD products into North America, and IMD distributing Inviro products into the UK, Europe and Asia Pacific region.

EUROPE

Sales of IMD products into Europe reached record levels in 2007, with orders from the Company's Greek distributor D. Analytical, far exceeding expectations. IMD has expanded the range of products being sold into Greece, to encompass blood collection and a select range of safety injection devices.

The Company is also in advanced discussions with a number of parties across Europe, for the supply of safety injection and collection products, including interest from the UK where the opportunity exists to supply a range of UN-compliant medical sharps collectors to companies servicing NHS hospitals. Expansion of the IMD distributor network in Europe remains a top priority for the Company, and will be a key focus over the next twelve months.

ASIA

While the Company enjoys success in South and Central Asia, little inroad has been made into our neighbouring East Asian markets. Recent efforts to establish distribution partners in this region have already borne fruit however, with sales being achieved in Vietnam and Indonesia, and the appointment of distributors well advanced in Malaysia, Hong Kong/Macau, China and Taiwan.

operating and financial review

OPERATIONS

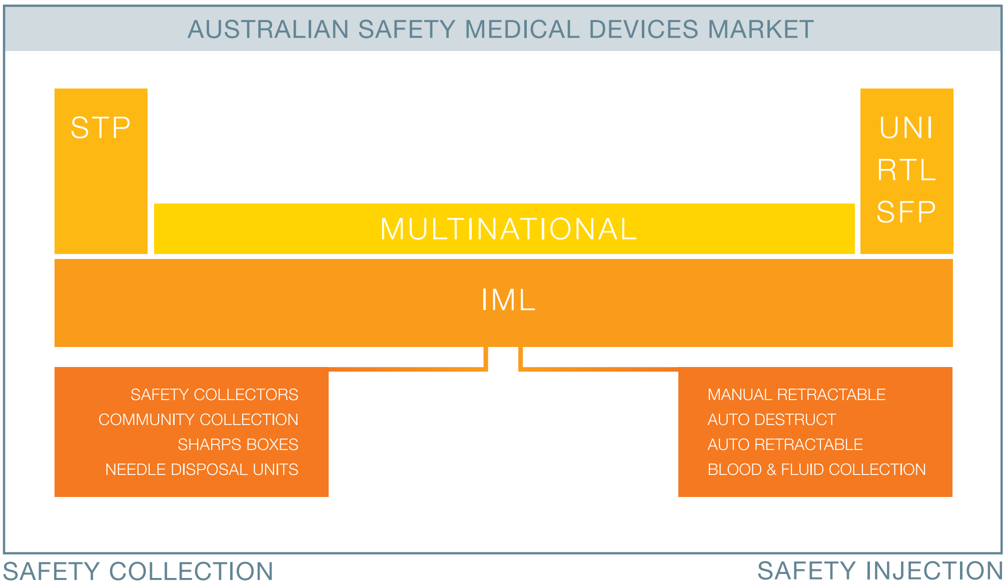
The operational headquarters of the Company moved to the Sydney CBD in April 2007, where all key activities are managed including manufacturing, sales and marketing, research and development and finance.

China continues to be an integral part of the Company's sourcing and manufacturing strategy. Currently IMD has manufacturing agreements with seven Chinese manufacturers and negotiations are well advanced with other companies. In order to support its increasing customer base and product portfolio, the Company expanded its operational office in Shanghai, China, including the appointment of four additional staff to monitor quality and manage logistics.

The status of the IMD Indian office was recently changed from a branch to a liaison office in order to reduce the administrative burden, and free up resources to bolster the Company's sales and marketing presence in the region. India also remains an important alternate source of supply, with agreements in place with two companies for the manufacture of the Nomoresharps™ needle disposal unit.

PRODUCT PORTFOLIO

IMD continues to focus on the sourcing, development and manufacture of safety collection and injection devices for the global healthcare industry. The Company has positioned itself as a 'one-stop shop' for safety medical devices, which clearly differentiates it from others in the market, who typically service either end of safety medical spectrum, as shown below.



OVERVIEW OF PRODUCT GROUPS

Safety Collection Products

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

INVIRO**SNAP!** SAFETY SYRINGE

operating and financial review

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

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

Safety Injection Products

During the year, the Company focused on developing a new range of safety syringes for its DCAP (Developing Countries Aid Projects) and first world markets. This range will comprise:

- AD (auto-disable) syringe – a syringe with a built-in mechanism designed to give a single injection after which it is permanently locked or disabled, thereby preventing reuse of contaminated syringes and needles.
- Manual retractable safety syringe – 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.
- Auto retractable safety syringe – as per the manual retractable safety syringe, however the needle is automatically withdrawn into the barrel on firing the plunger.

During the year, the Company entered into a new agreement with Inviro Medical, whereby IMD will have exclusive distribution rights to a range of Inviro branded products including:

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

Nomoresharps™ Needle Disposal Unit

The Nomoresharps™ needle disposal unit continues to be a key product offering for the Company, particularly in developing countries such as India where more than 15,000 units have been sold. Recent sales to customers in Central and South East Asia and strong interest from African countries has encouraged further development and refinement of the product to ensure that IMD retains its competitive position.


SINGLE USE ONLY
BMDi
0.5
1
1.5
2
2.5
3

operating and financial review

The current model combines a high grade stainless steel cutting device connected to a secure sharps disposal container. With the needle and syringe tip inserted in the cutting aperture, the 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.

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, PATH and other multilateral and unilateral aid organisations to provide safe disposal of used needles.

IMD introduced a lower cost plastic version of the needle cutter in 2007 and has plans to launch a budget hand cutter in the 2007/08 financial year.

New Product Development

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

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

REGULATORY APPROVALS

In June 2007, IMD was successful in retaining ISO 13485:2003, CE Mark and Canada Health CDMAS certifications for an expanded range of medical disposable products including standard disposable syringes and needles, safety syringes, AD syringes, scalp vein sets, blood collection devices and medical sharps collectors, following an audit by the Notified Body TUV Products services Shanghai.

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

INTELLECTUAL PROPERTY PROTECTION

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

Sincerely

GARY L. LEWIS: MANAGING DIRECTOR

statement of corporate governance for the year ended 30 june 2007

This statement outlines the main Corporate Governance practices that were in place throughout the financial year, unless otherwise stated.

BOARD OF DIRECTORS

The board is responsible for the overall Corporate Governance of the consolidated entity including its strategic direction, establishing goals for management and monitoring the achievement of these goals. Because of the small number of directors, a Nomination Committee, a Remuneration Committee and an Audit Committee have not been established.

The composition of the board has been determined on the basis of providing the consolidated entity with the benefit of a broad range of technical, administrative and financial skills, combined with an appropriate level of experience at a senior corporate level.

The Chairman reviews the composition of the board annually to ensure that it provides the consolidated entity with the appropriate levels of both expertise and experience.

When a vacancy exists, through whatever cause, or where it is considered that the board would benefit from the services of a new director with particular skills, the board identifies a panel of candidates with appropriate expertise and experience. A selection procedure is then completed and the board appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

Directors are subject to re-election by the shareholders at least every three years.

Each director has the right to seek independent professional advice at the consolidated entity's expense. Prior approval of the Chairman is required, but such approval is not unreasonably withheld.

The remuneration of the directors is determined by the board as a whole, with the director to whom a particular decision relates being absent from the meeting during the time that the remuneration level is discussed and decided upon. At this point in time, all non-executors of the Company have agreed not to receive director's fees.

INTERNAL CONTROLS

The board of directors acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. The system of internal control adopted by the consolidated entity seeks to provide an appropriate division of responsibility and careful selection and training of personnel relative to the level of activities and size of the consolidated entity.

The full board takes responsibility for reviewing financial reporting procedures, internal controls and the performance of the financial management and the external auditors. The full board reviews financial statements and other information distributed externally prior to distribution.

EXTERNAL AUDITORS

The board reviews the performance of the external auditors and meets with them at the commencement of the half-yearly review and annual audit to discuss any issues that have arisen with respect to accounting policies, any significant operational issues and level of proposed audit fees.

statement of corporate governance for the year ended 30 june 2007

The auditors also meet regularly with the Company Secretary to discuss the scope of the audit work to be performed, and during the course of the audit.

Should a vacancy arise, through whatever reason, the board will invite submissions from a panel of suitable firms to undertake the position of auditor, and having carried out a selection process, nominate the most suitable candidate for election at the next general meeting of shareholders.

KPMG, the Company's auditors, were appointed on 22 October 2004.

SIGNIFICANT BUSINESS RISKS

Each director reviews the business risks affecting his particular area of expertise annually and reports to the board.

The board then determines the appropriate actions to eliminate or minimise the identified business risks.

ETHICAL STANDARDS

All directors, managers and employees are expected to act with the utmost integrity and objectivity, endeavouring at all times to enhance the performance and reputation of the consolidated entity. Every employee has direct access to a director to whom they may refer any ethical issues that may arise from their employment.

Directors, officers and employees are permitted to trade in the Company's securities only in accordance with the provisions of the Corporations Act and ASX Listing Rules. The directors are under an obligation to report any dealings by them in the Company's securities.

THE ROLE OF SHAREHOLDERS

The board ensures that the shareholders are informed of all major developments affecting the consolidated entity by the following means:

- distribution of the annual report to all shareholders which contains relevant information about the operations of the entity during the year in addition to disclosures required by the Corporations Act 2001;
- lodgement of the half-yearly report with the Australian Stock Exchange, which contains summarised and audit reviewed financial information. Copies of the half-year financial statements prepared in accordance with the Corporations Act 2001, are available to any shareholder on request;
- lodgement of quarterly reports with the Australian Stock Exchange which show summarised financial information and a report on operations for the quarter. Copies of these reports are available to shareholders on request;
- announcements to the Australian Stock Exchange concerning any significant development in the economic entity's operations, financing and administration. All announcements are immediately available to the general public; and
- disclosure of all major announcements to the Australian Stock Exchange on the Company's website.

The shareholders are responsible for voting on the appointment of directors.

directors' report

Your directors have pleasure in submitting their annual report together with the financial report of IMD Group Limited (the Company) and the consolidated financial report of the Group, being the Company and its controlled entities, for the year ended 30 June 2007, and the auditor's report thereon.

DIRECTORS

The names of directors of the Company holding office at any time during or since the financial year are:

Keith Cadell (Chairman)	Director since 23 July 2004
Gary L. Lewis (Managing Director)	Director since 24 November 2006
Peter E. Roberts	Director since 23 July 2004
Thomas J. Mann	Director since 17 February 2006

KEITH CADELL, INDEPENDENT NON-EXECUTIVE CHAIRMAN

Keith Cadell has over 19 years of experience in the medical and healthcare industry. Mr Cadell was formerly the Chief Executive Officer of Health Care of Australia (formerly Mayne Nickless hospital division) with a turnover of $900 million and 12,000 staff. Mr Cadell was previously Director, Group Operations of Health Care of Australia prior to taking on the role of CEO and was responsible for the group financial planning, acquisitions, privatisation and co-locations and group purchasing. He was also involved in offshore feasibilities in India, Papua New Guinea, Philippines and Indonesia. More recently, Mr Cadell has been consulting to a number of private hospital groups in Australia and advising them on acquisition strategies as well as ongoing management.

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

GARY L. LEWIS, MANAGING DIRECTOR

Gary Lewis holds a Bachelor of Commerce and Masters of Business & Technology (MBT) from the University of NSW. In addition to running his own investment and marketing services businesses, Gary has worked in senior management positions in some of Australia's largest organisations, including 15 years in the pharmaceutical industry. He has also worked with a number of Australian public listed companies over the past 10 years in advisory positions, with an emphasis on corporate strategy and business development. He is currently also a director of Robust Resources Limited.

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

PETER E. ROBERTS, INDEPENDENT NON-EXECUTIVE DIRECTOR

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

directors' report

THOMAS J. MANN, INDEPENDENT NON-EXECUTIVE DIRECTOR

Thomas Mann has over 30 years of experience in financial markets and global trade. He began his career in the financial services industry as a stockbroker working in both Sydney and London. He then began a global trading corporation with operations in the USA, Malaysia, Thailand, Indonesia and Australia. More recently Mr Mann has been involved in capital raising initiatives and strategic development programs for small to mid-sized public and private companies.

He has been a Director since 17 February 2006.

PETER J. NIGHTINGALE, COMPANY SECRETARY

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

Peter 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. He 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.

DIRECTORS' INTERESTS

Directors' beneficial shareholdings at the date of this report are:

Specified directors	Held at 1 July 2006	Purchases	Sales	Held at 30 June 2007
Keith Cadell	642,800	-	-	642,800
Gary L. Lewis	1,555,000*	4,500,800	-	6,055,800
Peter E. Roberts	571,400	1,100,000	-	1,671,400
Thomas J. Mann	1,500,000	-	-	1,500,000

* Number of shares held at date of appointment as a director.

DIRECTORS' MEETINGS

The number of directors' meetings held, including meetings held by telephone and by circulation of resolutions, and the number of those meetings attended by each of the directors of the Company, while a director, during the financial year are as follows:

	No. of Meetings Held Whilst Director	No. of Meetings Attended
Keith Cadell	9	8
Gary L. Lewis	7	7
Peter E. Roberts	9	8
Thomas J. Mann	9	8

directors' report

PRINCIPAL ACTIVITIES

The principal activities of the Group in the course of the financial year are sourcing, development and manufacture of safety collection and injection devices for the global healthcare industry.

FINANCIAL RESULTS

The consolidated loss after income tax attributable to members of the Company for the year was $1,183,669 (2006 - $2,266,839).

DIVIDENDS

No dividends have been paid or declared during the financial year.

STATE OF AFFAIRS

In the opinion of the directors, significant changes in the state of affairs of the Group that occurred during the year ended 30 June 2007 were as follows:

- Successful implementation of the Heads of Agreement signed with Inviro Medical in the United States engaging IMD as a preferred supplier of Inviro patented safety medical devices.
- Expansion of distribution in Australia and New Zealand for the Company's extensive range of sharps collectors, under the exclusive Supply Agreement with Terumo Corporation.
- Retaining of ISO 13485:2003, CE Mark and Canada Health CDMAS certifications for an expanded range of safety medical collection and injection devices.
- Expansion of the Company's product portfolio including new medical sharps collectors, safety injection devices and a comprehensive range targeted at DCAP (Developing Countries Aid Projects) customers.
- Further development of the auto retractable safety syringe, with user evaluations completed and product being shipped for evaluation in the USA.

REVIEW OF OPERATIONS

The operating and financial review of the Group during the year is detailed on pages 2 to 7 of this Annual Report.

NON-AUDIT SERVICES

During the year ended 30 June 2007 KPMG, the Company's auditor has not performed other services in addition to their statutory audit duties.

	2007 $	2006 $
STATUTORY AUDIT		
Auditors of the Company		
- audit and review of financial reports	33,686	24,321

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 15 and forms part of the directors' report for the year ended 30 June 2007.

directors' report

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 and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

LIKELY DEVELOPMENTS

Further information as to likely developments in the operations of the Group and the expected results of those operations in subsequent years has not been included in this report because disclosure of this information would be likely to result in unreasonable prejudice to the Group.

REMUNERATION REPORT

The policy of remuneration of directors and senior executives is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board is responsible for reviewing its own performance. The non-executive directors are responsible for evaluating the performance of the executive directors who, in turn, evaluate the performance of all other senior executives. The evaluation process is intended to assess the Company's business performance, whether long term strategic objectives are being achieved and the achievement of individual performance objectives

Remuneration comprises salary and superannuation. The remuneration disclosed below represent the cost to the Company for the services provided under these arrangements.

No directors or executives receive performance related remuneration and there are no service contracts. At this point in time, all non-executors of the Company have agreed not to forego director's fees for the foreseeable future.

Details of the nature and amount of each major element of the emoluments of each director and each of the named executive officers of the Company and Group are:

Directors	Year	Primary salary and fees $	Post-employment superannuation benefits $	Total $
Keith Cadell (Chairman)	2007	3,333	300	3,633
	2006	40,000	3,600	43,600
Gary L. Lewis (Managing Director)	2007	26,150	-	26,150
	2006	-	-	-
Peter E. Roberts	2007	2,083	187	2,270
	2006	25,000	2,250	27,250
Thomas J. Mann	2007	-	-	-
	2006	9,103	819	9,922
Stephen E.J. Andersen	2007	-	-	-
	2006	12,500	1,125	13,625
Robert J. Archer	2007	-	-	-
	2006	16,667	1,500	18,167
Total, all directors	2007	31,566	487	32,053
	2006	103,270	9,294	112,564

directors' report

Executives	Year	Primary salary and fees $	Post-employment superannuation benefits $	Total $
Robert Krakowiak (Chief Operating Officer)	2007	200,000	18,000	218,000
	2006	185,833	27,820	213,653
Peter J. Nightingale (Company Secretary)	2007	60,000	-	60,000
	2006	60,000	-	60,000
Total, all executives	2007	260,000	18,000	278,000
	2006	245,833	27,820	273,653
Total, all key management personnel	2007	291,566	18,487	310,053
	2006	349,103	37,114	386,217

No options or bonuses were granted to directors or executive officers as part of their remuneration.

Signed at Sydney this 20th day of September 2007
in accordance with a resolution of the Board of Directors:

KEITH CADELL: CHAIRMAN

directors' report

KPMG

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 audit for the financial year ended 30 June 2007, there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

S.J. BOARD: PARTNER

20th September 2007

income statements for the year ended 30 june 2007

	Notes	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
Revenue from sale of goods	2	1,364,286	547,817	-	-
Cost of goods sold		(931,030)	(5 71,295)	-	-
Gross profit/(loss)		433,256	(23,478)	-	-
Government grants		229,792	44,935	229,792	44,935
Expenses:					
- administration and consultants expenses	2	(536,545)	(739,414)	(190,562)	(320,363)
- depreciation		(68,060)	(46,638)	-	-
- research expenses	2	(124,974)	(184,958)	-	-
- impairment loss	2	-	(513,753)	(871,151)	(1,847,228)
- employee expenses	2	(428,715)	(559,545)	(249,378)	(330,865)
- travel and accommodation	2	(197,309)	(156,888)	(4,918)	(5,124)
- occupancy costs		(82,151)	(65,577)	(5,900)	-
- other	2	(424,445)	(63,536)	(65,712)	(29,676)
Results from operating activities		(1,199,151)	(2,308,852)	(1,157,829)	(2,488,321)
Financial income	2	15,482	42,013	10,427	30,898
Net financing income		15,482	42,013	10,427	30,898
Loss before related income tax expense		(1,183,669)	(2,266,839)	(1,147,402)	(2,457,423)
Income tax expense	3	-	-	-	-
Loss for the period		(1,183,669)	(2,266,839)	(1,147,402)	(2,457,423)
Basic loss per share attributable to ordinary shareholders	4	1.35 cents	2.97 cents		
Diluted loss per share attributable to ordinary shareholders	4	1.35 cents	2.97 cents		

statements of recognised income and expense for the year ended 30 june 2007

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
Net income recognised directly in equity	-	-	-	-
Loss for the period	(1,183,669)	(2,266,839)	(1,147,402)	(2,457,423)
Total recognised income and expense for the period	(1,183,669)	(2,266,839)	(1,147,402)	(2,457,423)

Other movements in equity arising from transactions with owners as owners are set out in note 13.

balance sheets as at 30 june 2007

		Consolidated		Company	
		2007	2006	2007	2006
	Notes	$	$	$	$
CURRENT ASSETS					
Cash and cash equivalents	5	391,682	823,280	264,734	469,355
Trade and other receivables	6	409,356	106,909	35,853	609
Inventories	7	23,260	92,250	-	-
Other	8	12,990	14,676	6,490	1,300
TOTAL CURRENT ASSETS		837,288	1,037,115	307,077	471,264
NON-CURRENT ASSETS					
Plant and equipment	9	178,721	146,244	-	-
Investments	10	-	-	119,739	401,398
Security deposits		12,237	6,667	-	-
TOTAL NON-CURRENT ASSETS		190,958	152,911	119,739	401,398
TOTAL ASSETS		1,028,246	1,190,026	426,816	872,662
CURRENT LIABILITIES					
Trade and other payables	11	408,877	67,834	59,626	31,583
Employee benefits	12	53,319	32,473	39,083	25,570
TOTAL CURRENT LIABILITIES		462,196	100,307	98,709	57,153
TOTAL LIABILITIES		462,196	100,307	98,709	57,153
NET ASSETS		566,050	1,089,719	328,107	815,509
EQUITY					
Issued capital	13	8,169,508	7,509,508	8,169,508	7,509,508
Retained losses	14	(7,603,458)	(6,419,789)	(7,841,401)	(6,693,999)
TOTAL EQUITY		566,050	1,089,719	328,107	815,509

statements of cash flows
for the year ended 30 june 2007

	Notes	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		1,233,081	584,302	-	-
Cash receipts from government grants		229,792	44,935	229,792	44,935
Cash paid to suppliers and employees		(2,432,919)	(2,547,699)	(481,358)	(751,726)
Cash generated from operations		(970,046)	(1,918,462)	(251,566)	(706,791)
Interest received		15,481	42,013	10,427	30,898
Net cash used in operating activities	16	(954,565)	(1,876,449)	(241,139)	(675,893)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investments in controlled entities		-	-	(589,492)	(1,424,035)
Payments for plant and equipment		(100,607)	(122,593)	-	-
Payments for security deposits		(5,572)	-	(6,490)	-
Net cash used in investing activities		(106,179)	(122,593)	(595,982)	(1,424,035)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		632,500	660,480	632,500	660,480
Cost of equity raising		-	(44,070)	-	(44,070)
Net cash provided by financing activities		632,500	616,410	632,500	616,410
Net decrease in cash held		(428,244)	(1,382,632)	(204,621)	(1,483,518)
Cash and cash equivalents at 1 July		823,280	2,212,764	469,355	1,953,520
Effect of exchange rate adjustments on cash held		(3,354)	(6,852)	-	(647)
Cash and cash equivalents at the end of the financial year		391,682	823,280	264,734	469,355

notes to the financial statements for the year ended 30 june 2007

1. REPORTING ENTITY, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

IMD Group Limited (the 'Company') is a company domiciled in Australia. The consolidated financial report of the Company for the year ended 30 June 2007 comprises the Company and its subsidiaries (together referred to as the 'Group').

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 Company and the Group have incurred significant trading losses in the year ended 30 June 2007 and in prior periods. The ongoing operation of the Company and the Group is dependent upon:

- The Company and Group achieving cash flow positive trading operations in the coming twelve months through increases in revenue and a reduction in overhead expenses; and
- 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 and the Group to continue as a going concern. These cashflow projections assume significant increases in revenues compared to historical levels achieved, a reduction in expenses and raising additional funding of $650,000.

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

BASIS OF PREPARATION

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including Australian interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The consolidated financial report of the Group also complies with the IFRSs and interpretations adopted by the International Accounting Standards Board.

The financial report was authorised for issue by the directors on 20th September 2007.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's and Group's functional currency.

Use of estimates and judgements

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

notes to the financial statements for the year ended 30 june 2007

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 1: Going Concern
- Note 10: Investments

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by entities in the Group.

DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

The Group has elected to early adopt the following accounting standards and amendments:

- AASB 101 Presentation of Financial Statements (October 2006)
- 2007-4 Amendments to Australian Accounting Standards arising from ED 151 and other amendments.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2007, but have not been applied in preparing this financial report:

- AASB 7 Financial Instruments: Disclosures (August 2005) replaces the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007, and will require extensive additional disclosures with respect to the Group's financial instruments and share capital.
- AASB 2005-10 Amendments to Australian Accounting Standards (September 2005) makes consequential amendments to AASB 132 Financial Instruments: Disclosure and Presentation, AASB 101 Presentation of Financial Statements, AASB 114 Segment Reporting, AASB 117 Leases, AASB 133 Earnings Per Share, AASB 139 Financial Instruments: Recognition and Measurement, AASB 1 First time Adoption of Australian Equivalents to International Financial Reporting Standards, AASB 4 Insurance Contracts, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts arising from the release of AASB 7. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007 and is expected to only impact disclosures contained within the consolidated financial report.

- AASB 8 Operating Segments replaces the presentation requirements of segment reporting in AASB 114 Segment Reporting. AASB 8 is applicable for annual reporting periods beginning on or after 1 January 2009 and is not expected to have an impact on the financial results of the Company and the Group as the standard is only concerned with disclosures.

- AASB 2007-2 Amendments to Australian Accounting Standards arising from AASB Interpretation 12 makes amendments to AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards, AASB 117 Leases, AASB 118 Revenue, AASB 120 Accounting for Government Grants and Disclosures of Government Assistance, AASB 121 The Effects of Changes in Foreign Exchange Rates, AASB 127 Consolidated and Separate Financial Statement, AASB 131 Interest in Joint Ventures, and AASB 139 Financial Instruments: Recognition and Measurement. AASB 2007-2 is applicable for annual reporting periods beginning on or after 1 January 2008 and must be applied at the same time as Interpretation 12 Service Concession Arrangements.

- AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 makes amendments to AASB 5 Non-current Assets Held for Sale and Discontinued Operations, AASB 6 Exploration for and Evaluation of Mineral Resources, AASB 107 Cash Flow Statements, AASB 119 Employee Benefits, AASB 127 Consolidated and Separate Financial Statements, AASB 134 Interim Financial Reporting, AASB 136 Impairment Assets. AASB 2007-3 is applicable for annual reporting periods beginning on or after 1 January 2009 and must be adopted in conjunction with AASB 8 Operating Segments. This standard is only expected to impact disclosures contained within the financial report.

- Interpretation 10 Interim Financial Reporting and Impairment prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. Interpretation 10 will become mandatory for the Group's 2008 financial statements, and will apply to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date that the Group first applied the measurement criteria of AASB 136 and AASB 139 respectively (i.e. 1 July 2004 and 1 July 2005, respectively). The potential impact on the Company and the consolidated financial report has not yet been determined.

- AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 and AASB 138 and Interpretations 1 and 12]. AASB 2007-3 is applicable for annual reporting periods beginning on or after 1 January 2009 and must be adopted in conjunction with AASB 123 Borrowing Costs. The potential impact on the Company and the consolidated financial report has not yet been determined.

- AASB 2007-7 Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 and AASB 128] is applicable for annual reporting periods beginning on or after 1 January 2009 and must be adopted in conjunction with AASB 123 Borrowing Costs. The potential impact on the Company and the consolidated financial report has not yet been determined.

- AASB 123 Borrowing Costs (revised March 2007) requires the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use. All other borrowing costs are immediately recognised as expenses.. AASB 123 is applicable for annual reporting periods beginning on or after 1 January 2009. The potential impact on the Company and the consolidated financial report has not yet been determined.

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 consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

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 consolidated 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 profit' 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.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are stated at their amortised cost less impairment losses.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

INTERCOMPANY LOANS

Loans made to controlled entities which are interest free, unsecured, of no fixed term, and repayable only out of potential future profits are classified as investments.

IMPAIRMENT

The carrying amounts of the consolidated entity's assets, other than deferred tax assets, 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.

TRADE AND OTHER PAYABLES

Trade and other payables are stated at their amortised cost, are non-interest bearing and are normally settled within 60 days.

PROVISIONS

A provision is recognised in the balance sheet when the consolidated entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

TAXATION

Income tax

Income tax on the profit or loss for the year 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 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 are temporary differences are not provided for. 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.

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.

Tax consolidation

The Company and its wholly owned Australian resident entities have formed a tax consolidated group with effect from 1 July 2004 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is IMD Group Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

The Company recognises deferred tax assets arising from unused tax losses of the tax consolidated group to the extent that it is probable that future taxable profits of the tax consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

GOODS AND SERVICES TAX

Revenue, 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 taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. 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.

SEGMENT REPORTING

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

REVENUE RECOGNITION

Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received, or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Grants

Where a grant is received relating to costs that have been expensed, the grant is recognised as revenue when there is reasonable assurance it will be received.

Financial income

Financial income comprises interest revenue is recognised on an accrual basis, using the effective interest method.

notes to the financial statements for the year ended 30 june 2007

EMPLOYEE BENEFITS

Wages, salaries, annual leave, sick leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the net profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
NOTE 2 - LOSS FROM OPERATING ACTIVITIES				
Loss from ordinary activities includes the following items of revenue and expense:				
Revenue, other income and financial income				
Sales of goods	1,364,286	547,817	-	-
Interest revenue	15,482	42,013	10,427	30,898
Government grants	229,792	44,935	229,792	44,935
	1,609,560	634,765	240,219	75,833
Expenses				
Administration and consultants expenses:				
- general and administrative	263,752	391,466	88,846	97,513
- consultancy fees	272,793	347,948	101,716	222,850
	536,545	739,414	190,562	320,363
Research expenses	124,974	184,958	-	-
Impairment loss on intercompany loans	-	-	871,150	1,797,228
Impairment loss on loans to other entities	-	50,000	-	50,000
Impairment loss on property, plant and equipment	-	463,753	-	-
Employee entitlements	428,715	559,545	249,378	330,865
Auditors' remuneration (KPMG)				
- Audit of financial reports	33,686	24,321	33,686	24,321
Foreign exchange loss on cash	3,354	6,852	-	647
Travel and accommodation	197,309	156,888	4,918	5,124

At 30 June 2007, the consolidated entity had 3 employees (2006 - 6).

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
NOTE 3 - INCOME TAX EXPENSE				
Numerical reconciliation between tax expense and pre-tax net profit				
Loss before tax – continuing operations	(1,183,669)	(2,266,839)	(1,147,402)	(2,457,423)
Income tax using the domestic corporation tax rate of 30%	(355,101)	(680,052)	(344,221)	(737,227)
Increase/ (decrease) in income tax expense due to:				
- Effect of tax losses of other entities in tax consolidated group	-	-	(16,409)	(381,563)
- Non-deductible expenses	35	6,258	35	545,697
- Effect of tax losses not brought to account	355,066	673,794	360,595	573,093
Income tax expense on pre-tax net loss	-	-	-	-
Unrecognised deferred tax assets				
Deferred tax assets have not been recognised in respect of the following items:				
Taxable temporary differences	108,362	120,140	593,625	120,140
Tax losses	2,020,668	1,860,320	1,612,451	1,356,705
Net	2,129,030	1,980,460	2,206,076	1,476,845

The taxable permanent differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which the consolidated entity can utilise the benefits therefrom.

NOTE 4 - LOSS PER SHARE

The calculation of basic loss per share at 30 June 2007 was based on the loss attributable to ordinary shareholders of $1,183,669 (2006 - $2,266,839) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2007 of 87,901,250 (2006 - 76,321,196), calculated as follows:

	Consolidated 2007 $	Consolidated 2006 $
Net loss for the year	1,183,669	2,266,839

	Number	Number
Weighted average number of ordinary shares		
Issued ordinary shares at beginning of year	85,764,264	74,900,264
Effect of shares issued on 11 May 2006	-	1,397,260
Effect of shares issued on 21 June 2006	-	23,672
Effect of shares issued on 27 April 2007	2,136,986	-
Issued ordinary shares at year end	87,901,250	76,321,196

As at 30 June 2007 there are no 'potential' ordinary shares on issue, therefore diluted earnings per share is the same as basic earnings per share.

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
NOTE 5 - CASH AND CASH EQUIVALENTS				
Cash at bank and on hand	379,930	811,528	252,982	457,603
Term deposit	11,752	11,752	11,752	11,752
	391,682	823,280	264,734	469,355
NOTE 6 - RECEIVABLES				
Current				
Trade debtors	398,598	101,300	27,500	-
GST receivable	10,758	5,609	8,353	609
	409,356	106,909	35,853	609
NOTE 7 - INVENTORIES				
Finished goods	23,260	92,250	-	-

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
NOTE 8 - OTHER ASSETS				
Current				
Other debtors	-	3,344	-	1,300
Prepayments	12,990	11,332	6,490	-
	12,990	14,676	6,490	1,300
NOTE 9 - PROPERTY, PLANT AND EQUIPMENT				
Plant and equipment - cost	179,059	101,823	-	-
Accumulated depreciation	(62,853)	(16,103)	-	-
	116,206	85,720	-	-
Furniture and fixtures - cost	45,624	37,166	-	-
Accumulated depreciation	(32,078)	(14,151)	-	-
	13,546	23,015	-	-
Office equipment - cost	74,726	59,885	-	-
Accumulated depreciation	(26,318)	(23,176)	-	-
	48,408	36,709	-	-
Warehouse equipment - cost	2,589	2,518	-	-
Accumulated depreciation	(2,028)	(1,718)	-	-
	561	800	-	-
Total plant and equipment	178,721	146,244	-	-
Plant and equipment				
Carrying amount at beginning of year	85,720	386,748	-	-
Additions	77,236	85,852	-	-
Impairment loss	-	(371,018)	-	-
Depreciation	(46,750)	(15,862)	-	-
Carrying amount at year end	116,206	85,720	-	-

notes to the financial statements for the year ended 30 june 2007

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Furniture and fittings				
Carrying amount at beginning of year	23,015	95,373	-	-
Additions	8,458	31,758	-	-
Impairment loss	-	(87,938)	-	-
Depreciation	(17,927)	(16,178)	-	-
Carrying amount at year end	13,546	23,015	-	-
Office equipment				
Carrying amount at beginning of year	36,709	45,156	-	-
Additions	14,841	4,826	-	-
Depreciation	(3,142)	(13,273)	-	-
Carrying amount at year end	48,408	36,709	-	-
Warehouse equipment				
Carrying amount at beginning of year	800	6,922	-	-
Impairment loss	-	(4,797)	-	-
Depreciation	(239)	(1,325)	-	-
Carrying amount at year end	561	800	-	-

Impairment

During the year directors performed an impairment test on the carrying value of property, plant and equipment which had a written down value at 30 June 2007 of $178,721. The recoverable amount of property, plant and equipment was estimated based on its value in use using a pre-tax discount rate of 15%. The recoverable amount was estimated to be higher than the carrying amount of the property, plant and equipment, and no impairment was required.

During the year ended 2006 the consolidated entity concluded it would not pursue the producing and marketing of a range of JPt Syringe products. This included the JPt Non-Reusable Syringe, the JPt Retractable Syringe, the Multi-Med–uses Retractable Non-Reusable Syringe and the Vacuum Auto Retractable Safety Syringe. Based on this decision, the consolidated entity assessed the carrying amount of the specialised machines dedicated to these products and the carrying amount of those machines was written down by $371,018.

During the year ended 2006 the consolidated entity relocated its principal office from Wollongong to Sydney. As a result of this relocation, the consolidated entity assessed the carrying value of furniture and fittings and warehouse equipment associated with the Wollongong office and the carrying value of furniture and fittings was written down by $87,938 and warehouse equipment was written down by $4,797.

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
NOTE 10 - INVESTMENTS				
Non-current				
Investments in controlled entities – at cost	-	-	5,467,740	4,878,248
Less cumulative impairment losses	-	-	(5,348,001)	(4,476,850)
Investment in controlled entities, at recoverable amount	-	-	119,739	401,398

Due to the inherent uncertainty over the ultimate recovery of these investments, the Company has tested all investments in controlled entities and recorded impairment losses to the extent that these investments exceeded the estimated recoverable amount, which was based on the expected cashflows to be generated from these investments. The estimated recoverable amount consists of cash and cash equivalents and the extent net receivables exceed net payables, the proceeds of which it is expected will be returned to the Company.

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
NOTE 11 - PAYABLES				
Current				
Trade creditors	376,294	49,090	31,560	19,083
Payroll liabilities	11,231	6,244	13,066	-
Accruals	21,352	12,500	15,000	12,500
	408,877	67,834	59,626	31,583
NOTE 12 - EMPLOYEE ENTITLEMENTS				
Current				
Provision for employee annual leave entitlements	53,319	32,473	39,083	25,570
NOTE 13 - ISSUED CAPITAL				
Issued and paid up capital				
97,764,264 (2006 – 85,764,264) ordinary shares, fully paid	8,168,508	7,508,508	8,168,508	7,508,508
10,000,000 terminating preference shares, fully paid	1,000	1,000	1,000	1,000
	8,169,508	7,509,508	8,169,508	7,509,508

	2007 No.	2007 $	2006 No.	2006 $
Fully paid ordinary shares				
Balance at beginning of year	85,764,264	7,509,508	74,900,264	6,893,098
Issue of shares	12,000,000	660,000	10,864,000	660,480
Less costs of issue	-	-	-	(44,070)
	97,764,264	8,169,508	85,764,264	7,509,508

During the year:

- The Company issued 12,000,000 ordinary shares on 27 April 2007 for cash totalling $660,000.

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 report 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.

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
NOTE 14 - RETAINED LOSSES				
Accumulated losses at beginning of year	(6,419,789)	(4,152,950)	(6,693,999)	(4,236,576)
Net loss attributable to members of the parent entity	(1,183,669)	(2,266,839)	(1,147,402)	(2,457,423)
Accumulated losses at year end	(7,603,458)	(6,419,789)	(7,841,401)	(6,693,999)

NOTE 15 - PARTICULARS IN RELATION TO CONTROLLED ENTITIES

Parent Entity

IMD Group Limited is an Australian incorporated company listed on the Australian Stock Exchange.

Controlled Entities	Country of Incorporation	Ownership Interest 2007 %	Ownership Interest 2006 %
BMDI Pty Ltd	Australia	100	100
Bio Medical Developments International Pty Ltd	Australia	70	70
IMD Consulting Pty Ltd	Australia	100	100
International Water Systems Pty Ltd	Australia	100	100

Minority interests

Minority interests have a value of nil, as the controlled entity has incurred operating losses in excess of its capital and the parent entity has brought to account 100% of the losses beyond the capital of the controlled entity.

NOTE 16 - STATEMENTS OF CASH FLOWS

Reconciliation of cash

For the purposes of the Statements of Cash Flows, cash includes cash on hand and at bank and cash on deposit, net of bank overdrafts and excluding security deposits. Cash as at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the Balance Sheets as follows:

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Reconciliation of net loss from operating activities to net cash used in operating activities				
Loss from operating activities after tax	(1,183,669)	(2,266,839)	(1,147,402)	(2,457,423)
Items classified as investing/financing activities				
Non-cash items				
Depreciation of property, plant and equipment	68,060	46,638	-	-
Impairment loss on intercompany loans	-	-	871,151	1,797,228
Impairment loss on loans to other entities	-	50,000	-	50,000
Foreign exchange loss	3,354	6,852	-	647
Employee entitlements	20,846	12,810	13,513	12,820
Asset write off	31,635	463,753	-	-
Changes in assets and liabilities				
Receivables	(131,205)	55,030	-	12,275
Inventories	68,890	116,824	-	-
Other assets	(34,481)	(13,161)	1,909	(389)
Payables	201,905	(348,356)	19,690	(91,051)
Net cash used in operating activities	(954,565)	(1,876,449)	(241,139)	(1,876,449)

NOTE 17 - FINANCIAL INSTRUMENTS DISCLOSURE

Interest rate risk

With the exception of cash, all the Company's and Group's financial assets and liabilities are non-interest bearing. The cash balance earns interest at an average variable interest rate of 5.00%.

Foreign exchange risk

The Company and consolidated entity does not enter into foreign exchange contracts to hedge purchases and sales denominated in foreign currencies.

Credit risk exposure

The credit risk exposure on financial assets of the Company and consolidated entity which have been recognised on the Balance Sheets is the carrying amount, net of any provision for doubtful debts. The Company minimises credit risk by dealing with Australian regulated banks.

Net fair values of financial assets and liabilities

The carrying amounts of financial assets and liabilities approximate their net fair values, given the short time frame to maturity and or variable interest rates.

NOTE 18 – KEY MANAGEMENT PERSONNEL DISCLOSURES

Key management personnel

The following were key management personnel of the Company at any time during the reporting period

Directors	Executives
Keith Cadell (Chairman)	Robert Krakowiak (Chief Operating Officer)
Gary Lewis (Managing Director)	Peter Nightingale (Company Secretary)
Thomas J. Mann	
Peter E. Roberts	

Remuneration is equivalent to compensation as defined by AASB 124 Related Party Disclosures. The broad remuneration policy is to ensure the remuneration package properly reflects the persons' duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

There are no performance based or variable remuneration arrangements although remuneration levels will be reviewed on annual basis through a process that considers individual, segment and overall performance of the consolidated entity.

No options were granted to directors or executives as part of their remuneration, and there are no service contracts.

notes to the financial statements for the year ended 30 june 2007

The following tables provide the details of all key management personnel of the consolidated reporting entity for the entire reporting period.

Directors	Year	Primary salary and fees $	Post-employment Superannuation benefits $	Total
Keith Cadell (Chairman)	2007	3,333	300	3,633
	2006	40,000	3,600	43,600
Gary Lewis (Managing Director)	2007	26,150	-	26,150
	2006	-	-	-
Peter E. Roberts	2007	2,083	187	2,270
	2006	25,000	2,250	27,250
Thomas J. Mann	2007	-	-	-
	2006	9,103	819	9,922
Stephen E.J. Andersen	2007	-	-	-
	2006	12,500	1,125	13,625
Robert J. Archer	2007	-	-	-
	2006	16,667	1,500	18,167
Total, all directors	2007	31,566	487	32,053
	2006	103,270	9,294	112,564

Executives	Year	Primary salary and fees $	Post-employment Superannuation benefits $	Total $
Executive				
Robert Krakowiak	2007	200,000	18,000	218,000
(Chief Operating Officer)	2006	185,833	27,820	213,653
Peter J. Nightingale	2007	60,000	-	60,000
(Company Secretary)	2006	60,000	-	60,000
Total, all executives	2007	260,000	18,000	278,000
	2006	245,833	27,820	273,653
Total, all key management personnel	2007	291,566	18,487	310,053
	2006	349,103	37,114	386,217

NOTE 18 - KEY MANAGEMENT PERSONNEL DISCLOSURES

Equity holdings and transactions

The movement during the reporting period in the number of ordinary shares and terminating preference shares in the Company held directly, indirectly or beneficially, by each specified director or specified executive, including their personally-related entities, is as follows:

Directors	Held at 1 July 2006	Purchases	Sales	Held at 30 June 2007
Keith Cadell	642,800	-	-	642,800
Gary Lewis*	1,555,000*	4,500,800	-	6,055,800
Peter E. Roberts	571,400	1,100,000	-	1,671,400
Thomas J. Mann	1,500,000	-	-	1,500,000

* Number of shares held at date of appointment as a director.

Executives	Held at 1 July 2006	Purchases	Sales	Held at 30 June 2007
Robert Krakowiak	250,000	-	-	250,000
Peter J.Nightingale	2,500,000	-	-	2,500,000

Directors	Held at 1 July 2005	Purchases	Sales	Held at 30 June 2006
Keith Cadell	500,000	142,800	-	642,800
Peter E. Roberts	500,000	71,400	-	571,400
Thomas J. Mann	1,500,000	-	-	1,500,000
Stephen E.J. Andersen	5,989,443	-	-	*5,989,443
Robert J. Archer	25,833,977	-	-	* 25,833,977

* Director's holding at the date of resignation

Executives	Held at 1 July 2005	Purchases	Sales	Held at 30 June 2006
Robert Krakowiak	250,000	-	-	250,000
Peter J.Nightingale	2,500,000	-	-	2,500,000

During the year ended 30 June 2007, Peter J. Nightingale had an interest in an entity, Mining Services Trust, which provided full administrative services, including rental accommodation, administrative staff, services and supplies, to the consolidated entity. Fees paid to Mining Services Trust during the year, which were in the ordinary course of business and on normal terms and conditions, amounted to $30,000 (2006 - $135,765). Amounts unpaid at 30 June 2007 totaled $0 (2006 - $10,000).

notes to the financial statements for the year ended 30 june 2007

Apart from the details disclosed in this note, no director or specified executive has entered into a material contract with the Company or the consolidated entity since the end of the previous financial year and there were no material contracts involving directors' or specified executives interests subsisting at year end.

NOTE 19 - CONTROLLED ENTITIES

At balance date, the Company had amounts receivable from, BMDI Pty Limited of $3,779,963 (2006 - $3,160,430), Bio Medical Developments International Pty Limited of $1,673,787 (2006 - $1,694,387), International Water Systems Pty Limited of $27,589 (2006 - $27,589) and an amount payable to IMD Consulting Pty Limited of $13,618 (2006 - $4,177). These amounts are all interest free, unsecured, have no fixed term of repayment and are repayable out of future profits. These amounts receivable are classified as investments in this financial report- note 10.

NOTE 20 - FINANCIAL REPORTING BY SEGMENTS

The consolidated entity operates wholly within the health care industry in Australia, China and India.

Geographical segments	Australia	China $	India $	Consolidated $
30 June 2007				
Revenue				
External segment income	1,161,799	-	202,487	1,364,286
Unallocated income				245,273
Total revenue				1,609,559
Result				
Segment result	351,603	(34,238)	(89,666)	227,699
Unallocated corporate expenses				(1,411,368)
Net loss				(1,183,669)
Assets				
Segment assets	921,386	-	106,862	1,028,248
Including non-current assets acquired during the year:				
Plant and equipment	77,236	-	-	77,236
Furniture and fittings	8,458	-	-	8,458
Office Equipment	12,941	-	1,900	14,841
	98,635	-	1,900	100,535
Segment liabilities	436,447	-	25,749	462,196

Geographical segments	Australia	China $	India $	Consolidated $
30 June 2006				
Revenue				
External segment revenue				
Unallocated income	306,916	-	240,901	547,817
				86,948
Total revenue				634,765
Result				
Segment result				
Unallocated corporate expenses	(105,213)	(4,805)	(95,420)	(205,438)
				2,061,401
Net loss				2,266,839
Assets				
Segment assets				
Unallocated corporate assets	891,697	78,148	220,181	1,190,026
				-
				1,190,026
Including non-current assets acquired during the year:				
Plant and equipment	35,427	85,852	1,314	122,593
Including non-current assets impaired during the year				
Plant and equipment	-	371,018	-	371,018
Furniture and fittings	87,938	-	-	87,938
Warehouse equipment	4,797	-	-	4,797
	92,735	371,018	-	463,753
Segment liabilities	98,560	-	1,747	100,307

Division of the consolidated entity's results and assets into geographical segments has been ascertained by direct identification of assets and revenue cost centres. There are no intersegment revenue transactions and the major products are cutters, bins and syringes.

directors' declaration

1. In the opinion of the directors of IMD Group Limited:

(a) the financial statements and notes, set out on pages 20 to 43, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2007 and of their performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards, (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report of the group also complies with International Financial Reporting Standards as disclosed in note 1.

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2007.

Signed at Sydney this 20th day of September 2007

Signed in accordance with a resolution of the directors:

KEITH CADELL: CHAIRMAN

independant audit report to the members of IMD Group Ltd

KPMG

We have audited the accompanying financial report of IMD Group Limited (the "Company") , which comprises the balance sheets as at 30 June 2007, and the income statements, statements of recognised income and expense and cash flow statements for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 20 and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL REPORT

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the 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. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report of the Group, comprising the financial statements and notes, complies with International Financial Reporting Standards.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

independant audit report to the members of IMD Group Ltd

In our opinion:

(a) the financial report of IMD Group Limited is in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2007 and of their performance for the financial year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report of the Group also complies with International Financial Reporting Standards as disclosed in note 1.

INHERENT UNCERTAINTY REGARDING CONTINUATION AS A GOING CONCERN
Without qualification to the statement expressed above, attention is drawn to the following matter. As a result of the matters described in note 1 on going concern, there is significant uncertainty whether the Company and the Group be able to continue as a going concern and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

KPMG

S.J. BOARD: PARTNER

20th September 2007

additional stock exchange information

Additional information as at 31 August 2007 required by the Australian Stock Exchange Listing Rules and not disclosed elsewhere in this report.

Home Exchange

The Company is listed on the Australian Stock Exchange. The Home Exchange is Sydney.

Audit Committee

As at the date of the Directors' Report, there was no audit committee of the Board of Directors, because the small number of Directors comprising the Board considers all matters that otherwise would be considered by an audit committee.

Substantial Shareholdings

At 31 August 2007 the Register of Substantial Shareholders showed the following:

Mrs Narelle Fay	6,834,212
Mr Andrew Fay	6,676,043
Script to Screen Pty Ltd	5,060,843

Class of Shares and Voting Rights

The voting rights attached to ordinary shares, as set out in the Company's Constitution, are that every member in person or by proxy, attorney or representative, shall have one vote on a show of hands and one vote for each share held on a poll.

A member holding partly paid shares is entitled to a fraction of a vote equivalent to the proportion which the amount paid up bears to the issue price for the share.

Distribution of Shareholders

At 31 August 2007, the distribution of fully paid ordinary shares was as follows:

Range	Total Holder Shares	Fully Paid Ordinary	% Issued Capital
1 - 1,000	31	343	0.0
1,001 - 5,000	10	36,542	0.04
5,001 – 10,000	66	625,051	0.64
10,001 – 100,000	187	8,177,215	8.36
100,001 and over	132	88,925,113	90.96
		97,764,264	100.0

At 31August 2007, 61 shareholders held less than a marketable parcel of 7,692 shares.

At 31 August 2007, 8 shareholders, each with more than 100,001 shares, held 10,000,000 unquoted terminating preference shares. Archer family Investments Pty Ltd is the holder of 5,850,000 terminating preference shares.

additional stock exchange information

Shares Subject to Escrow Restrictions

The Company had 23,191,605 fully paid ordinary shares and 6,850,000 terminating preference shares released from escrow on 20 December 2006.

Use of Cash and Assets

Since the Company's listing on the Australian Stock Exchange, the Company has used its cash and assets that it had at the time of listing in a way consistent with its stated business objectives.

On Market Buy Back

There is no on market buy-back.

Twenty Largest Shareholders

At 31 August 2007 the twenty largest quoted shareholders held 49.69% of the fully paid ordinary shares as follows:

	Name	Number	%
1	Mrs. Narelle Fay	6,834,212	6.99
2	Mr Andrew Fay	6,676,043	6.83
3	Script to Screen Pty Ltd	5,060,843	5.18
4	ACT 2 Pty Ltd	4,055,800	4.15
5	Rosignol Pty Ltd	2,500,000	2.56
6	Greenstead Capital Pty Limited	2,100,000	2.15
7	Mr Gary Leon Lewis Mrs. Shirley Ann Lewis	2,000,000	2.05
8	Mrs. Catherine Mann	2,000,000	2.05
9	PRAF Investments Pty Ltd	2,000,000	2.05
10	Nicholas S Dawson	1,916,319	1.96
11	Austrom Pty Ltd	1,800,000	1.84
12	Marwar Pty Ltd	1,750,000	1.79
13	Navetep Pty Ltd	1,671,400	1.71
14	ANZ Nominees Ltd	1,500,000	1.53
15	Mr Terry McInerney Ms Judy McInerney	1,440,000	1.47
16	MDM Thie Tjie Hoa	1,156,400	1.18
17	Mr Graham Norris	1,097,196	1.12
18	Speedcorp No 15 Pty Ltd	1,020,000	1.04
19	Mrs Joyve Edith Starnes	1,001,400	1.02
20	Altinova Nominees Pty Limited	1,000,000	1.02

corporate directory

DIRECTORS

Mr Keith Cadell (Chairman)

Mr Gary L. Lewis (Managing Director)

Mr Peter E. Roberts

Mr Thomas J. Mann

COMPANY SECRETARY

Mr Peter J. Nightingale

REGISTERED OFFICE

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KPMG

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71 Eagle Street

BRISBANE QLD 4000

SHARE REGISTRAR

Computershare Investor Services Pty Limited

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creating a safer working enviromment for healthcare professionals

BMDi

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ABN 30 096 048 912

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of members is to be convened at Level 5, 207 Kent Street, Sydney, NSW, 2000 on 30 October 2007 at 11.00 am.

AGENDA

BUSINESS

Ordinary Resolutions

To receive and consider the Company's annual financial report, the directors' report and the auditors' report for the year ended 30 June 2007.

To consider and, if thought fit, pass the following resolutions, with or without amendment:

1. Adoption of the Remuneration Report

'That the Remuneration Report for the year ended 30 June 2007 be and is hereby adopted.'

2. Re-election of a Director

'That Gary L. Lewis be and is hereby re-elected as a Director.'

3. Re-election of a Director

'That Peter E. Roberts be and is hereby re-elected as a Director.'

4. Ratification of the Issue of Shares

'That the issue of 12,000,000 fully paid ordinary shares in the Company on 27 April 2007 for $0.055 per share be and is hereby ratified in for the purposes of ASX Listing Rule 7.4.'

5. Approval of the Grant of Options

'That, for the purposes of ASX Listing Rule 10.11, the grant of 3,000,000 options to Gary L. Lewis in accordance with the terms as set out in the Explanatory Memorandum accompanying this Notice of Meeting is approved'.

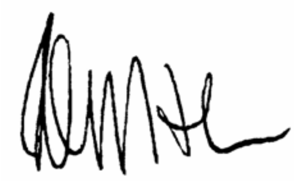
Special Resolution

6. Change of Company Name

'That the name of the Company be changed from 'IMD Group Limited' to 'BMDi International Limited'.

To transact any other business that may be brought forward in accordance with the Company's Constitution.

Yours sincerely



Peter J. Nightingale
Company Secretary

26 September 2007

pjn4050

ANNUAL GENERAL MEETING
TO BE HELD ON 30 OCTOBER 2007

EXPLANATORY MEMORANDUM

Resolution 1
The Remuneration Report, which can be found in the Directors' Report in the Company's 2007 Annual Report, contains certain prescribed details, sets out the policy adopted by the Board of Directors and discloses the payments to Directors.

In accordance with section 250R of the Corporations Act, a resolution that the Remuneration Report be adopted must be put to the vote. The resolution is advisory only and does not bind Directors.

Resolutions 2 and 3
In accordance with Article 58 of the Company's Constitution and the Corporations Act, Messrs Gary Lewis and Peter Roberts retire as Directors by rotation and, being eligible, offer themselves for re-election.

Resolution 4
Resolution 4 seeks the ratification by shareholders of the issue of 12,000,000 fully paid ordinary shares in the Company on 27 April 2007 for the purposes of ASX Listing Rule 7.4. This ratification will provide the Company with the ability to raise further funds, if required, will maximise the flexibility of the Company's funds management and will facilitate planning for the Company's ongoing activities.

Details of the issue, as required by ASX Listing Rule 7.4 are as follows:

- Number of securities allotted: 12,000,000
- Issue price: $0.055 per share
- Terms: Fully paid ordinary shares ranking pari passu with existing fully paid ordinary shares.
- Names of allottees: Austrom Pty Ltd, Paul & Annette Balsarini, Peter John & Jennifer Ann Bartter, Brayside Pty Ltd, Clarem Pty Ltd, Warwick & Mary Crumblin, Andrew Fay, Narelle Fay, Michael Herman, Jarisi Pty Ltd, Jocar Holdings Pty Ltd, Kings Park Superannuation Fund Pty Ltd, Imm Loh, M5 Holdings Australia Pty Ltd, Iain Richard Campbell McKean, Terry & Judy McInerney, Mirosek Pty Ltd, Praf Investments Pty Ltd, Sharif Oussa, Nicholas Tritton and Cynthia Wardman.
- Intended use of funds: To provide funds for the continued development and promotion of the Company's new and existing product ranges and for working capital purposes.
- Voting exclusion: The Company will disregard any votes cast on Resolution 4 by: Austrom Pty Ltd, Paul & Annette Balsarini, Peter John & Jennifer Ann Bartter, Brayside Pty Ltd, Clarem Pty Ltd, Warwick & Mary Crumblin, Andrew Fay, Narelle Fay, Michael Herman, Jarisi Pty Ltd, Jocar Holdings Pty Ltd, Kings Park Superannuation Fund Pty Ltd, Imm Loh, M5 Holdings Australia Pty Ltd, Iain Richard Campbell McKean, Terry & Judy McInerney, Mirosek Pty Ltd, Praf Investments Pty Ltd, Sharif Oussa, Nicholas Tritton and Cynthia Wardman and any of their associates.

  However, the Company need not disregard a vote if:

  it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

  it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 5
As part of his remuneration as Managing Director, Resolution 5 proposes the granting of options to Gary Lewis with the following principal terms and conditions:

- Allottee: Gary L. Lewis (or his nominee)
- Number of options: 3,000,000
- Issue date: Immediately following shareholder approval of the grant and in any event within one month following the Annual General Meeting
- Issue price: $nil
- Entitlement per option: Exercisable at any time before the expiry date to acquire 1 fully paid ordinary share
- Expiry date: 31 August 2008 in respect of the first 1,500,000 options
31 August 2009 in respect of the second 1,500,000 options
- Exercise price per option: $0.06 per option in respect of the first 1,500,000 options
$0.10 per option in respect of the second 1,500,000 options
- Voting exclusion: The Company will disregard any votes cast on Resolution 5 by Gary L. Lewis and any of his associates.

  However, the Company need not disregard a vote if:

  it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

  it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

No funds will be raised from the issue of the options. In the event that any of the options are exercised, the funds raised will be used for the continued development and promotion of the Company's new and existing product ranges and for working capital purposes.

The options which may be granted are intended to provide an incentive to the Managing Director and to recognise that he is paid a minimal base cash salary as set out in the Annual Report. The Directors consider that the incentive represented by these options is a cost effective and efficient incentive offered by the Company when compared with alternative forms of incentive such as cash bonuses or increased remuneration.

Resolution 6
Resolution 6, a Special Resolution requiring at least 75% of the votes cast by members entitled to vote on the resolution to be voted in favour of the resolution, is proposed to simplify the Company’s name and to reflect the growing market branding of the Company’s product range.

The Company has determined, in accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth), that the Company's shares quoted on the Australian Stock Exchange Limited at 7.00 pm Sydney time on 28 October 2007 are taken, for the purposes of the general meeting to be held by the persons who held them at that time. Accordingly, those persons are entitled to attend and vote (if not excluded) at the meeting.

IMD GROUP LTD

ABN 30 096 048 912

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

FORM OF PROXY

I/we . . . .

of . . . .

being a member/members of IMD Group Ltd HEREBY APPOINT

. . . .

or failing him, the Chairman of the Meeting, as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of Members of the Company to be held at 11.00 am on 30 October 2007 and at any adjournment thereof.

The Proxy is directed by me/us to vote as indicated by the marks in the appropriate boxes below:

RESOLUTION	FOR	AGAINST	ABSTAIN
1. Adoption of the Remuneration Report	☐	☐	☐
2. Re-election of Gary L. Lewis as a Director	☐	☐	☐
3. Re-election of Peter E. Roberts as a Director	☐	☐	☐
4. Ratification of the issue of 12 million shares	☐	☐	☐
5. Approval of the grant of 3 million options	☐	☐	☐
6. Change of Company name	☐	☐	☐

If no directions are given, the Proxy may vote as the Proxy thinks fit or may abstain. If you mark the abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Important:
If you do not wish to direct your Proxy how to vote, please place a mark in the box: ☐
By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. The Chairman intends to vote undirected proxies in favour of each item.

Dated this . . . . . . day of . . . . 2007.

Signatures of Member(s) . . . .

THE COMMON SEAL of . . . . A.C.N. . . . .
was hereunto affixed in accordance with its Constitution in the presence of:

. . . .

Director Secretary

PROXY INSTRUCTIONS

1. A member entitled to attend and vote is entitled to appoint not more than 2 proxies.
2. Where more than 1 proxy is appointed, each proxy must be appointment to represent a specified proportion of the member's voting rights.
3. A proxy need not be a member.
4. All joint holders must sign.
5. All executors of deceased estates must sign.
6. Voting exclusion: The Company will disregard any votes cast on Resolution 4 by:

   Austrom Pty Ltd, Paul & Annette Balsarini, Peter John & Jennifer Ann Bartter, Brayside Pty Ltd, Clarem Pty Ltd, Warwick & Mary Crumblin, Andrew Fay, Narelle Fay, Michael Herman, Jarisi Pty Ltd, Jocar Holdings Pty Ltd, Kings Park Superannuation Fund Pty Ltd, Imm Loh, M5 Holdings Australia Pty Ltd, Iain Richard Campbell McKean, Terry & Judy McInerney, Mirosek Pty Ltd, Praf Investments Pty Ltd, Sharif Oussa, Nicholas Tritton and Cynthia Wardman and any of their associates.

   However, the Company need not disregard a vote if:

   it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
   it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

7. Voting exclusion: The Company will disregard any votes cast on Resolution 5 by Gary L. Lewis and any of his associates.

   However, the Company need not disregard a vote if:

   it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
   it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

8. This Proxy Form (and the original or certified copy of any power of attorney under which this proxy form is signed) must be received at an address given below no later than 48 hours before the time appointed for holding the meeting:

   - in person or by mail at the Company's registered office, Level 8, 261 George Street, Sydney, NSW 2000 Australia; or
   - by facsimile on +61 2 9247 7273.