IMD GROUP LTD

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

ABN 30 096 048 912

25 February 2005

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

(10 pages by email)

Dear Madam

RE: HALF YEAR REPORT

In accordance with Listing Rule 4.2A, I attach the Company's Appendix 4D for the half year ended 31 December 2004.

Yours sincerely

Peter J. Nightingale
Company Secretary

pjn2939

Appendix 4D

Preliminary final report

Name of entity

IMD GROUP LIMITED

ABN or equivalent company reference	Half year ended ('current period')
30 096 048 912	**31 DECEMBER 2004**

Results for announcement to the market

Revenues from ordinary activities	up	to	$40,402
Loss from ordinary activities after tax attributable to members	down	to	$995,821
Net loss for the period attributable to members	down	to	$995,821

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

Record date for determining entitlements to the dividend. N/A

Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

Refer attached reports.

NTA backing	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	5.5 cents	N/A

Compliance statement

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

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

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

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

(Cross one)

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

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

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

Sign here: .... Date: 25 February 2005
(Director/Company Secretary)

Print name: Peter J. Nightingale

IMD GROUP LIMITED
AND ITS CONTROLLED ENTITIES

Statement of Financial Performance
for the half year ended 31 December 2004

	Notes	Consolidated 31 December 2004 $
Revenue from sale of goods		25,045
Cost of goods sold:		(24,405)
Gross profit from the sale of goods		640
Other revenues from ordinary activities		
- Interest received		15,357
Expenses from ordinary activities		
- Administration and consultants' expenses		(448,546)
- Audit fees		(7,000)
- Depreciation and amortisation		(9,113)
- Direct research and development expenses		(55,133)
- Employee and director expenses		(248,915)
- Rent and outgoings expenses		(37,660)
- Travel		(150,894)
- Other expenses from ordinary activities		(54,557)
Loss from ordinary activities before related income tax expense		(995,821)
Income tax expense related to ordinary activities		-
Net loss		(995,821)
Basic loss per share	2	3.25 cents
Diluted loss per share	2	3.25 cents

IMD GROUP LIMITED
AND ITS CONTROLLED ENTITIES

Statement of Financial Position
as at 31 December 2004

	Notes	Consolidated 31 December 2004 $
CURRENT ASSETS		
Cash assets		3,769,995
Receivables		88,393
Inventories		31,923
Other		18,817
Total current assets		3,909,128
NON-CURRENT ASSETS		
Plant and equipment		476,809
Total non-current assets		476,809
Total assets		4,385,937
CURRENT LIABILITIES		
Payables		232,819
Provisions		15,595
Total current liabilities		248,414
Total liabilities		248,414
Net assets		4,137,523
EQUITY		
Contributed equity	3	6,893,098
Retained losses	4	(2,755,575)
Total equity		4,137,523

IMD GROUP LIMITED
AND ITS CONTROLLED ENTITIES

Statement of Cash Flows
for the half year ended 31 December 2004

	Notes	Consolidated 31 December 2004 $
Cash flows from operating activities		
Cash receipts in the course of operations		27,550
Cash payments in the course of operations		(1,309,952)
Interest received		15,357
Payments for research and development		(58,993)
Net cash used in operating activities		(1,326,038)
Cash flows from investing activities		
Payments for plant and equipment		(322,220)
Net cash used in investing activities		(322,220)
Cash flows from financing activities		
Proceeds from issue of shares		6,664,131
Share issue costs		(415,921)
Repayment of borrowings		(999,728)
Net cash provided by financing activities		5,248,482
Net increase in cash held		3,600,224
Cash at the beginning of the financial period		169,771
Cash at the end of the financial period		3,769,995

1. BASIS OF PREPARATION

The half year financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 1029 *Interim Financial Reporting,* the recognition and measurement requirements of applicable AASB standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. This half year financial report is to be read in conjunction with the Company's Prospectus dated 11 November 2004 and any public announcements by the Company and its controlled entities during the half year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

It has been prepared on the basis of historical costs and, except where stated, it does not take into account changing money values or fair values of non-current assets. Except where noted, the accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those applied in the 11 November 2004 Prospectus.

The half year report does not include full note disclosures of the type normally included in an annual financial report.

Comparative information has not been provided as the Company has not previously prepared half year or annual financial reports.

	Consolidated 31 December 2004 $
2. LOSS PER SHARE	
Basic and diluted loss per share have been calculated using:	
Net loss for the half year	995,821
Weighted average number of ordinary shares	30,654,597
3. CONTRIBUTED EQUITY	
Issued and paid up capital	
74,900,246 ordinary shares, fully paid	6,892,098
10,000,000 terminating preference shares, fully paid	1,000
	6,893,098

During the half year ended 31 December 2004:

- The Company issued 48,900,246 ordinary shares for cash totalling $1,663,131. There were no amounts unpaid on the shares.
- The Company issued 25,000,000 ordinary shares for cash totalling $5,000,000 pursuant to the Prospectus dated 11 November 2004. There were no amounts unpaid on the shares issued. Transaction costs of $415,921 were recognised as a reduction of the proceeds of issue of these shares.
- The Company issued 10,000,000 terminating preference shares for cash totalling $1,000. There were no amounts unpaid on the shares issued.

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.

3. CONTRIBUTED EQUITY (cont)

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

- Convert to one fully paid ordinary share if IMD Group Limited and its controlled entities reports a net profit attributable to members of the Company before income tax and adjusted for interest of greater than $0 for any six month reporting period to 31 December or 30 June ('Reporting Date') commencing in the first 3 years after the Company is listed on the ASX ('Performance Hurdle'); or

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

4. ACCUMULATED LOSSES

Accumulated losses at the beginning of half year	1,759,754
Net loss attributable to members of the Company	995,821
Accumulated losses at the end of the half year	2,755,575

5. FINANCIAL REPORTING BY SEGMENTS

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

6. EVENTS SUBSEQUENT TO REPORTING DATE

International Financial Reporting Standards

For reporting periods beginning on or after 1 January 2005, the consolidated entity must comply with Australian equivalents to International Financial Reporting Standards (AIFRS) as issued by the Australian Accounting Standards Board.

This half year financial report has been prepared in accordance with Australian Accounting Standards and other financial reporting requirements (Australian GAAP) applicable for reporting periods ending on 31 December 2004.

The Company plans to conduct a high level overview of the impacts of transition to AIFRS and to achieve compliance with AIFRS reporting for the financial year commencing 1 July 2005. The Company's implementation overview consists of three phases as described below.

Assessment and planning phase
The assessment and planning phase aims to produce a high level overview of the impacts of conversion to AIFRS reporting on existing account and reporting policies and procedures, systems and processes, business structures and staff.

This process includes:

- High level identification of the key differences in accounting policies and disclosures that are expected to arise from adopting AIFRS.
- Assessment of new information requirements affecting management information systems, as well as the impact on the business and its key processes.
- Evaluation of the implications for staff, for example training requirements.
- Preparation of a conversion plan for expected changes to accounting policies, reporting structures, systems accounting and business processes and staff training.

The assessment and planning phase is expected to be completed by 30 June 2005.

Design phase
The design phase aims to formulate the changes required to existing accounting policies and procedures and systems and processes in order to transition to AIFRS.

The design phase has commenced and incorporates:

- Formulating revised accounting policies and procedures for compliance with AIFRS requirements.
- Identifying potential financial impacts as at the transition date and for subsequent reporting periods prior to adoption of AIFRS.
- Developing revised AIFRS disclosures.
- Designing accounting and business processes to support IFRS reporting obligations.
- Identifying and planning required changes to financial reporting and business source systems.
- Developing training programs for staff.

The design phase is expected to be completed by 30 June 2005.

Implementation phase
The implementation phase will include implementation of identified changes to accounting and business procedures processes and systems and operational training for staff. It will enable the Company to generate the required disclosures of AASB 1 as it progresses through its transition to AIFRS.

Except for certain training that has been given to operational staff, the consolidated entity has not yet commenced the implementation phase. However this phase is expected to be substantially complete by 30 June 2005

Impact of transition to AIFRS
The differences between Australian Generally Accepted Accounting Principles (Australian GAAP) and AIFRS identified to date as potentially having a significant impact on the consolidated entity's financial performance and financial position are summarised below. The summary should not be taken as an exhaustive list of all differences between Australian GAAP and AIFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

The consolidated entity has not completed a project to assess the impact of adoption of AIFRS and has not quantified the effects of all the differences discussed below.

Any assessments made in respect of the transition to AIFRS may require adjustment before inclusion in the first complete annual/half year financial report prepared in accordance with AIFRS due to new or revised standards or interpretations, changes in the operations of the business, or additional guidance on the application of AIFRS in a particular industry or to a particular transaction.

The key potential implications of the conversion to IFRS on the Company are as follows:

- Income tax will be calculated based on the "balance sheet" approach, which will result in more deferred tax assets and liabilities and, as tax effects follow the underlying transaction, some tax effects will be recognised in equity.

- Changes in accounting policies will be recognised by restating comparatives rather than making current year adjustments with note disclosure of prior year effects.

- Internally generated assets (other than development phase expenditure in certain circumstances) will not be recognised as assets. Start-up costs may not be capitalised. Research costs must be expensed.

- Equity-based compensation in the form of shares and options will be recognised as expenses in the periods during which the employee provides related services.