

IMT HOLDINGS LTD
ABN 88 099 555 290 and CONTROLLED ENTITIES

Appendix 4D
Half year report
Period Ending 31 December 2003

The following information constitutes the half year report required under Listing Rule 4.2A and should be read in conjunction with the annual financial report for the period ended 30 June 2003.

Results for announcement to the market:

| | | | | <u>\$A'000</u> |
|---|-------------|-------------|-----------|-----------------------|
| Revenues from ordinary activities | down | 59% | to | 516 |
| Profit (loss) from ordinary activities after tax attributable to members | down | 609% | to | (4,357) |
| Net profit (loss) for the period attributable to members | down | 609% | to | (4,357) |

The company does not propose to pay any dividends for the half year ended 31 December 2003

Results for the period were impacted by the sale of the Company's controlling interest in IMT Resources Pty Ltd on October 31 2003 with a net gain of \$460k recorded on the divestment.

The sale also necessitated a write-down of the Company's bentonite mine to an estimated recoverable amount. A write-down of \$4,007k is included in the loss reported from ordinary activities.

IMT HOLDINGS LTD
ABN 88 099 555 290 and CONTROLLED ENTITIES

FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2003

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FOR THE HALF YEAR ENDED
31 DECEMBER 2003

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IMT HOLDINGS LTD
ABN 88 099 555 290 and CONTROLLED ENTITIES

DIRECTORS' REPORT

Your directors submit the financial report of the economic entity for the half-year ended 31 December 2003.

Directors

The names of directors who held office during or since the end of the half-year unless otherwise stated:

| | |
|-----------------|----------------------------|
| Graham Cook | Retired 1 September 2003 |
| Dr David Garman | |
| Leo Respinge | |
| Yunhui Liu | |
| Brett Crowley | Appointed 1 September 2003 |

Review of Operations

As reported in the annual financial report IMT has made major advances in the commercialisation of Phoslock. Phoslock has been successfully developed into a dry granular form in laboratory test quantities. The granules will be manufactured in China. Phoslock granules will be able to be sold to customers such as sewage treatment plants, water management authorities, hardware stores, pet shops, nurseries and rural supply stores.

Sales of granules are expected to commence in a broad range of markets in mid 2004.

China JV and Manufacturing Facility

The incorporation of the joint venture company in China to manufacture and sell Phoslock has been completed. IMT owns 20% of the company.

The fitout of the factory in Kunming is expected to be completed and production commenced in April 2004.

The factory will have an initial capacity of 20,000 tonnes of Phoslock granules per annum.

Australia

IMT's Australian licensee, ECOWISE Environmental Pty Ltd, is coordinating Phoslock treatment at five sites. Treatment at the first of those sites is scheduled to commence in May 2004.

New Zealand

IMT is in the process of engaging a licensee/distributor in New Zealand. The potential licensee has a substantial distribution network and is currently in the process of obtaining regulatory approval for the use of Phoslock.

USA

IMT's licensee in the USA (Purezza) has become listed in the US on the OTC Bulletin Board (operated by the Nasdaq Stock Market, Inc). IMT owns approximately 10% of Purezza.

Purezza has been extensively marketing Phoslock to large water body managers and is in the process of establishing a division to supply Phoslock to golf courses and fish farms.

Application Methods

IMT is acquiring the equipment required to apply the granules and will engage specialist water treatment contractors to manage the application process. The equipment will allow the treatment of water bodies from both shore and boat based apparatus.

Bentonite Mining

The parent entity sold its 50% interest in IMT Resources Pty Ltd (Resources) on the 31 October 2003.

A net gain of \$460,212 was realised on the divestment.

IMT will continue to manage the resource and receive royalties on a per tonne basis for sales made by Resources.

The sale has necessitated a \$4m write-down of the mine from cost to an estimated recoverable amount of \$3.5m.

Capital Raising

In order to fund the manufacture, sale and application of Phoslock, IMT has issued 5m ordinary shares at an issue price of \$0.20

Signed in accordance with a resolution of the Board of Directors on 26 February 2004.



Brett Crowley
DIRECTOR

IMT HOLDINGS LTD
ABN 88 099 555 290 and CONTROLLED ENTITIES

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

| | ECONOMIC ENTITY | |
|--|---------------------|---------------------|
| | 31 DECEMBER 2003 | 31 DECEMBER 2002 |
| Revenues from ordinary activities | | |
| - Sales | 503,614 | 1,267,520 |
| - Interest received | 5,152 | 7,521 |
| - Other revenues - Royalties | 7,000 | - |
| Total operating revenue | 515,766 | 1,275,041 |
| Cost of sales | (396,202) | (537,690) |
| Borrowing costs expense | (21,841) | (10,098) |
| Administrative expenses | (242,035) | (54,153) |
| Depreciation and amortisation | (82,218) | (130,538) |
| Distribution expenses | (139,272) | (526,233) |
| Manpower expenses | (385,413) | (516,801) |
| Marketing expenses | (38,889) | (16,708) |
| Occupancy expenses | (63,709) | (39,267) |
| Other expenses from ordinary activities | (10,319) | (172,914) |
| Write-down of mine to estimated recoverable amount | (4,007,380) | - |
| Net gain on Sale of Controlled subsidiary | 460,212 | - |
| Profit/(loss) from ordinary activities before income tax | (4,411,300) | (729,361) |
| Income tax relating to ordinary activities | 53,855 | - |
| | (4,357,445) | (729,361) |
| Net loss/(profit) attributable to outside equity interests | - | 115,055 |
| Net profit/(loss) attributable to members of the parent entity | (4,357,445) | (614,306) |
| Total changes in equity other than those resulting from transactions with owners as owners | (4,357,445) | (614,306) |
| Basic earnings per share (cents per share) | (5.15) | (0.87) |
| Diluted earnings per share (cents per share) | (5.15) | (0.87) |
| NTA per share (cents per share) | 4.44 | 10.60 |

IMT HOLDINGS LTD
ABN 88 099 555 290 and CONTROLLED ENTITIES

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2003

| | ECONOMIC ENTITY | |
|---------------------------------------|---------------------|-----------------|
| | 31 DECEMBER 2003 | 30 JUNE 2003 |
| CURRENT ASSETS | | |
| Cash assets | 371,281 | 517,447 |
| Receivables | 90,112 | 324,959 |
| Inventories | 44,369 | 260,186 |
| Other assets | 33,107 | 21,898 |
| TOTAL CURRENT ASSETS | 538,869 | 1,124,490 |
| NON-CURRENT ASSETS | | |
| Receivables | 4,543 | - |
| Property, plant, and equipment | 3,622,671 | 8,919,706 |
| Other financial assets | 1,099 | 1,099 |
| Intangible assets | 2,829,538 | 2,778,330 |
| Other | 74,563 | 207,750 |
| TOTAL NON-CURRENT ASSETS | 6,532,414 | 11,906,885 |
| TOTAL ASSETS | 7,071,283 | 13,031,375 |
| CURRENT LIABILITIES | | |
| Payables | 402,903 | 1,020,730 |
| Interest bearing liabilities | - | 18,207 |
| Provisions | 77,914 | 76,786 |
| TOTAL CURRENT LIABILITIES | 480,817 | 1,115,723 |
| NON-CURRENT LIABILITIES | | |
| Interest bearing liabilities | - | 670,370 |
| Non Interest bearing liabilities | - | 297,321 |
| TOTAL NON-CURRENT LIABILITIES | - | 967,691 |
| TOTAL LIABILITIES | 480,817 | 2,083,414 |
| NET ASSETS | 6,590,466 | 10,947,961 |
| EQUITY | | |
| Contributed equity | 12,939,333 | 12,939,333 |
| Retained profits (Accumulated losses) | (6,348,867) | (1,587,537) |
| Parent entity interest | 6,590,466 | 11,351,796 |
| Outside equity interest | - | (403,835) |
| TOTAL EQUITY | 6,590,466 | 10,947,961 |

IMT HOLDINGS LTD
ABN 88 099 555 290 and CONTROLLED ENTITIES

STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

| | ECONOMIC ENTITY | |
|--|--|--|
| | 31 DECEMBER 2003 Inflows (Outflows) | 31 DECEMBER 2002 Inflows (Outflows) |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | 741,525 | 1,253,238 |
| Operating grant receipts | - | 65,000 |
| Payments to suppliers and employees | (1,442,070) | (2,335,461) |
| Interest received | 5,115 | 7,429 |
| Tax (payments)/receipts | 53,855 | - |
| Other income | 70,660 | 48,625 |
| Borrowing costs | (8,143) | - |
| Net Cash from Operating Activities | (579,058) | (961,169) |
| CASH FLOWS FROM INVESTMENT ACTIVITIES | | |
| Proceeds from disposal of entity | 247,461 | - |
| Proceeds from sale of non current assets | 3,065 | - |
| Payments for property, plant & equipment | (148,155) | (127,233) |
| Net Cash from Investing Activities | 102,371 | (127,233) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from share issues | - | 1,601,400 |
| Payment of listing costs | - | (180,301) |
| Proceeds from borrowings | 346,227 | - |
| Repayment of borrowings | (15,706) | (216,000) |
| Net Cash from Finance Activities | 330,521 | 1,205,099 |
| Net Increase (Decrease) in Cash Held | (146,166) | 116,697 |
| Cash at Beginning of the Financial Period | 517,447 | 50,134 |
| Cash at the End of the Financial Period | 371,281 | 166,831 |

IMT HOLDINGS LTD
ABN 88 099 555 290 and CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

NOTE 1 - BASIS OF PREPARATION

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2003 and any public announcements made by IMT Holdings Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 30 June 2003 annual report.

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

NOTE 2 - PROFIT FROM ORDINARY ACTIVITIES

The following items are relevant in explaining the financial performance for the interim period.

Bentonite mine write-down from cost to an estimated recoverable amount of \$3.5m. The recoverable amount was determined on the basis of estimated net cash flows over a 10 year period discounted at 10%. The estimated disposal value was determined by reference to offers of purchase.

Loan write-off on disposal of controlled entity

Profit on disposal of controlled entity

| | ECONOMIC ENTITY | |
|--|-----------------------------|-----------------------------|
| | 31 DECEMBER 2003 | 31 DECEMBER 2002 |
| | (4,007,380) | - |
| | (682,725) | - |
| | 1,142,937 | - |

NOTE 3 - INCOME TAX

During the period a cash rebate of \$53,855 was received under the Federal government's R&D tax offset scheme

NOTE 4 - ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES

On 22 July 2003, the parent entity acquired a 25% share of the capital of Techno Organics Holdings Ltd a newly formed entity which holds the worldwide licence (excluding Australia, New Zealand & The Pacific Islands) to commercialise a range of organic fertiliser technologies. The capital was acquired for a NIL cash consideration. The company did not trade during the reporting period.

On 31 October 2003, the parent entity divested its 50% of the share capital of IMT Resources Pty Ltd for a cash consideration \$247,461.

The sale resulted in loan write-off of (\$682,725) and a write-back of cumulative retained losses of \$1,142,937.

The carrying amount of assets divested was \$1,703,831

The carrying amount of liabilities divested was \$2,043,179

NOTE 5 - SEGMENT INFORMATION

Primary Reporting - Business segments

| 2003 | Environmental Technologies | Mining | Economic Entity |
|---|-------------------------------|----------------|--------------------|
| Segment Revenue | 0 | 510,614 | 510,614 |
| Unallocated revenues | | | 5,152 |
| Total operating revenues | <u>0</u> | <u>510,614</u> | <u>515,766</u> |
| Segment Result | (135,575) | (3,916,816) | (4,052,391) |
| Unallocated expenses | | | (358,909) |
| Profit from ordinary activities before income tax | | | <u>(4,411,300)</u> |

For the prior period the Company predominantly operated in the mining industry in Australia.

NOTE 6 - EVENTS SUBSEQUENT TO REPORTING DATE

On 13 January 2004 the company contributed A\$168,000 in share capital for the Company's 20% share in the Chinese joint venture entity.

IMT HOLDINGS LTD
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DIRECTORS' DECLARATION

The directors of the company declare that:

- (a) the financial statements and notes set out on pages 2 to 5
- (i) comply with Accounting Standard AASB 1029 : Interim Financial Reporting and the Corporations Regulations 2001; and
- (ii) give a true and fair view of the financial position of the economic entity's financial position as at 31 December 2003 and its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date; and
- (b) in the directors opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors on 26 February 2004.



Brett Crowley
DIRECTOR

IMT HOLDINGS LTD
ABN 88 099 555 290 and CONTROLLED ENTITIES

INDEPENDENT REVIEW REPORT

To the members of IMT Holdings Limited

Scope

We have reviewed the financial report of IMT Holdings Limited for the half-year ended 31 December 2003 as set out on pages 2 to 5. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year. The Company's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB1029 Interim Financial Reporting and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the economic entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the Company to lodge the financial report with the Australian Stock Exchange Limited.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of IMT Holdings Limited is in not accordance with:

- (a) the Corporation Act 2001, including:
 - (i) giving a true and fair view of the economic entity's financial position as at 31 December 2003 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Signed at Brisbane, 26 February 2004.

William Buck

WILLIAM BUCK
Chartered Accountants



M C McDONALD
Partner