

IMT HOLDINGS LTD
ABN 88 099 555 290 and CONTROLLED ENTITIES

IMT HOLDINGS LTD
(ABN 88 099 555 290)
Appendix 4D
Half year report
Period Ending 31 December 2004

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 2004.

Results for announcement to the market:

Revenues from ordinary activities	down	82%	to	<u>\$A'000</u> 90
Profit (loss) from ordinary activities after tax attributable to members	up	77%	to	(997)
Net profit (loss) for the period attributable to members	up	77%	to	(997)

The company does not propose to pay any dividends for the half year ended 31 December 2004

IMT HOLDINGS LIMITED
ABN 88 099 555 290

FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2004

**IMT HOLDINGS LIMITED
FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2004**

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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 2004.

Directors

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

Dr David Garman
Joel Bidois Appointed 20 December 2004
Yunhui Liu
Brett Crowley

Operating Results

The consolidated loss of the economic entity for the half year after providing for income tax was \$(997,533).

Review of Operations

Total revenues of \$90,390 fell 82% on the previous half year reflecting the strategic withdrawal from domestic bentonite sales in October 2003. The loss before interest, tax, depreciation and amortisation of \$830,889 is up 6% on the loss recorded in the previous half year excluding, the one off adjustments in that period, for the bentonite mine writedown and divestment of the bentonite processing and sale entity.

Whilst revenue growth has been slower than anticipated the company has continued to progress its Phoslock commercialisation program during the reporting period.

Highlights include:

- Completion of negotiations with Japan's largest water treatment company for the licencing of its recently developed Phoslock pellet technology. The technology transfer process is expected to be completed by end March 2005. This product will provide the opportunity for entry to markets where a non dispersible product is required for incorporation in filter mediums. These markets include aquaria, aquaculture and treatment of commercial and domestic wastewater outflows.
- Completion of marketing initiatives to identify distributors / licencees in North America, South Africa, Europe and East Asia. Product samples are currently under test in these regions with pilot / test sites being identified. Revenues from these activities are expected to commence in the second quarter of calendar 2005.

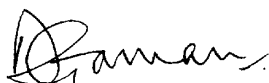
Capital raising

During the period the company issued 15m ordinary shares at an issue price of \$0.20 to provide funding to complete the company's planned development activities.

Auditor's Independence Declaration

The lead auditor's independence declaration under Section 307C of the Corporations Act is set out on page 2 and forms part of the director's report for the half year ended 31 December 2004.

Signed in accordance with a resolution of the Board of Directors on 24 February 2005.



Dr David Garman
CHAIRMAN

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of IMT Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the review of IMT Holdings Limited for the half year ended 31 December 2004 there have been:

- (i) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

Signed at Brisbane on 24 February 2005



WILLIAM BUCK
Chartered Accountants



MURRAY MCDONALD
Lead Audit Partner

IMT HOLDINGS LTD
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STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

	ECONOMIC ENTITY	
	31 DECEMBER	31 DECEMBER
	2004	2003
	\$	\$
Revenues from ordinary activities		
- Sales	39,880	503,614
- Interest received	25,000	5,152
- Other revenues - Royalties	25,510	7,000
Total operating revenue	<u>90,390</u>	<u>515,766</u>
Cost of sales	(62,322)	(396,202)
Borrowing costs expense	-	(21,841)
Administrative expenses	(275,960)	(242,035)
Depreciation and amortisation	(206,503)	(82,218)
Distribution expenses	-	(139,272)
Manpower expenses	(472,477)	(385,413)
Marketing expenses	(15,871)	(38,889)
Occupancy expenses	(75,818)	(63,708)
Other expenses from ordinary activities	(1,949)	(10,319)
Writedown of mine to estimated recoverable amount	-	(4,007,380)
Net gain on Sale of Controlled subsidiary	-	460,212
Share of net profits / (Losses) of associates accounted for using the equity method	(16,882)	-
Profit/(loss) from ordinary activities before income tax	<u>(1,037,392)</u>	<u>(4,411,300)</u>
Income tax relating to ordinary activities	<u>39,859</u>	<u>53,855</u>
Net profit/(loss) attributable to members of the parent entity	<u>(997,533)</u>	<u>(4,357,445)</u>
Total changes in equity other than those resulting from transactions with owners as owners	<u>(997,533)</u>	<u>(4,357,445)</u>
Basic earnings per share (cents per share)	(1.05)	(5.15)
Diluted earnings per share (cents per share)	(1.05)	(5.15)
NTA per share (cents per share)	5.75	4.44

IMT HOLDINGS LTD
ABN 88 099 555 290 and CONTROLLED ENTITIES

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2004

	ECONOMIC ENTITY	
	31 DECEMBER	30 JUNE
	2004	2004
	\$	\$
CURRENT ASSETS		
Cash assets	2,322,439	664,469
Receivables	51,543	37,669
Inventories	62,778	37,021
Other assets	51,874	13,394
TOTAL CURRENT ASSETS	2,488,634	752,553
NON-CURRENT ASSETS		
Investments accounted for using the equity method	9,764	154,535
Property, plant, and equipment	3,425,969	3,417,355
Other financial assets	136,804	1,099
Intangible assets	2,280,286	2,327,785
Other	305,558	317,780
TOTAL NON-CURRENT ASSETS	6,158,381	6,218,554
TOTAL ASSETS	8,647,015	6,971,107
CURRENT LIABILITIES		
Payables	193,517	297,184
Provisions	155,152	122,354
TOTAL CURRENT LIABILITIES	348,669	419,538
TOTAL LIABILITIES	348,669	419,538
NET ASSETS	8,298,346	6,551,569
EQUITY		
Contributed equity	16,627,970	13,876,370
Reserves	(5,739)	1,552
Retained profits (Accumulated losses)	(8,323,885)	(7,326,353)
TOTAL EQUITY	8,298,346	6,551,569

IMT HOLDINGS LTD
ABN 88 099 555 290 and CONTROLLED ENTITIES

STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

	ECONOMIC ENTITY	
	31 DECEMBER 2004 Inflows (Outflows)	31 DECEMBER 2003 Inflows (Outflows)
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	77,256	741,525
Payments to suppliers and employees	(1,089,879)	(1,442,070)
Interest received	24,999	5,115
Tax (payments)/receipts	37,050	53,855
Other income	46,508	70,660
Borrowing costs	-	(8,143)
Net Cash from Operating Activities	<u>(904,066)</u>	<u>(579,058)</u>
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	(156,468)	(148,155)
Loans to other entities	(24,967)	-
Net Cash from Investing Activities	<u>(181,435)</u>	<u>102,371</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issues	2,850,000	-
Payment of listing costs	(98,400)	-
Proceeds from borrowings	-	346,227
Repayment of borrowings	-	(15,706)
Net Cash from Finance Activities	<u>2,751,600</u>	<u>330,521</u>
Net Increase (Decrease) in Cash Held	1,666,099	(146,166)
Cash at Beginning of the Financial Period	664,469	517,447
Exchange rate adjustments	(8,129)	-
Cash at the End of the Financial Period	<u>2,322,439</u>	<u>371,281</u>

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 2004

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 2004 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 2004 annual report.

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

Adoption of Australian Equivalents to International Financial Reporting Standards

IMT Holdings Ltd has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (IFRS). As IMT Holdings Ltd has a 30 June year end, priority has been given to considering the preparation of an opening balance sheet in accordance with AASB equivalents to IFRS as at 1 July 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future and is required when IMT Holdings Ltd prepares its first fully IFRS compliant financial report for the year ended 30 June 2006. Set out below are the key areas where accounting policies will change and may have an impact on the financial report of IMT Holdings

Internally Generated Brands

Under the pending AASB 138: *Intangible Assets*, internally generated brands may not be capitalised to the statement of financial position, but should be expensed in the period in which they are incurred. Current accounting policy is to capitalise these costs and amortise them over the period in which their benefit is expected to be realised. The result of this change will be to derecognise the patents and trademarks that currently are recorded as intangible assets, with an adjustment being made to opening retained earnings.

Research and Development Expenditure

Pending standard AASB 138: *Intangible Assets* further requires that costs associated with research be expensed in the period in which they are incurred. In terms of current policy, research costs are capitalised to the statement of financial position where it is expected beyond any reasonable doubt that sufficient future benefits will be derived so as to recover these deferred costs.

Impairment of Assets

The economic entity currently determines the recoverable amount of an asset on the basis of discounted net cash flows that will be received from the assets use and subsequent disposal. In terms of pending AASB 136: *Impairment of Assets*, the recoverable amount of an asset will be determined as the higher of fair value less costs to sell and value in use. It is likely that this change in accounting policy will lead to impairments being recognised, more often than under the existing policy.

Non-current Investments

Under the pending AASB 139: *Financial Instruments: Recognition and Measurement*, financial instruments that are classified as available for sale instruments must be carried at fair value. Unrealised gains or losses may be recognised either in income or directly to equity. Current accounting policy is to measure non-current investments at cost, with an annual review by directors to ensure that the carrying amounts are not in excess of the recoverable value of the instrument.

Income Tax

Currently, the Company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under the Australian equivalent to IAS 12, the entity will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

NOTE 2 - PROFIT FROM ORDINARY ACTIVITIES

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

Share of net profits / (Losses) of Chinese associate
 IETC Environmental Protection Technology Ltd
 accounted for using the equity method - 20% holding

Bentonite mine writedown 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 writeoff on disposal of controlled entity

Profit on disposal of controlled entity

	ECONOMIC ENTITY	
	31 DECEMBER	31 DECEMBER
	2004	2003
	\$	\$
	(16,882)	-
	-	(4,007,380)
	-	(682,725)
	-	1,142,937

IMT HOLDINGS LTD
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NOTE 3 - INCOME TAX

During the period a cash rebate of \$39,859 was received under the Federal government's R&D tax offset scheme

NOTE 4 - SEGMENT INFORMATION

Primary Reporting - Business segments

	Environmental Technologies		Bentonite Mining		Economic Entity	
	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$
Segment Revenue	25,800	-	39,590	510,614	65,390	510,614
Unallocated revenues	-	-	-	-	25,000	5,152
Total operating revenues	25,800	-	39,590	510,614	90,390	515,766
Segment Result	(712,764)	(135,575)	(113,344)	(3,916,816)	(826,108)	(4,052,391)
Unallocated expenses					(211,284)	(358,909)
Profit from ordinary activities before income tax					(1,037,392)	(4,411,300)

NOTE 5 - CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 6 - EVENTS SUBSEQUENT TO REPORTING DATE

On 10 January 2005 the company contributed USD\$250,000 in share capital to establish a controlling interest, 51%, in the US Licencee entity Purezza Marketing Inc

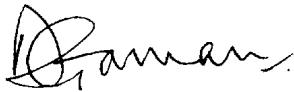
IMT HOLDINGS LTD
ABN 88 099 555 290 and CONTROLLED ENTITES

DIRECTORS' DECLARATION

The directors of the company declare that:

- (a) the financial statements and notes set out on pages 3 to 7
 - (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 2004 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 24 February 2005.



Dr David Garman
Chairman

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 2004 as set out on pages 3 to 8. 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 Securities and Investments Commission.

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 2004 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, 24 February 2005.

William Buck

WILLIAM BUCK
Chartered Accountants

MCDONALD

M C McDONALD
Partner