28 February 2005

Australian Stock Exchange Limited
Company Announcements Office
Exchange Centre
20 Bridge Street
SYDNEY NSW 2001

BY ELECTRONIC LODGEMENT

Dear Sirs

LODGEMENT OF APPENDIX 4D

Please find attached:

- a statement by the Chairman of Imdex Limited regarding the Group's financial and operating performance for the half year ended 31 December 2004; and,
- the Appendix 4D (Half Year report) lodged under ASX listing rule 4.3A.

Yours faithfully
Imdex Limited

Stephen J Lyons
Company Secretary

STATEMENT BY THE CHAIRMAN OF IMDEX LIMITED

FINANCIAL AND OPERATING PERFORMANCE FOR THE HALF YEAR ENDED 31 DECEMBER 2004

Imdex Limited (ASX:IMD), the Perth-based drilling products and services group, has reported a Net Profit after Tax of $1.345 million (+6%) on operating revenue of $22.145 million (+14%) for the half year ended 31 December 2004.

It is pleasing to report that our financial performance in the first half and forecast for the second half of FY05, means that Imdex is on track to achieving stated financial objectives for the year, namely:

Australia

- Domestic revenue of $46 million in the current financial year (FY05) (up by 15% on FY04); and

- EBIT margin of 11%.

International

- In relation to the RTE/Imdex Joint Venture in Saudi Arabia, agreement was reached in October 2004 to reduce Imdex's interest to 20% from 49%.

BUSINESS PERFORMANCE

Earnings before Interest and Tax (EBIT) for the Group were $2.20 million (-2%) compared with a Group EBIT of $2.25 million for the previous corresponding period.

Group earnings were affected by the below budget performance of Imdex Minerals (which broke even for the first half). The EBIT margin for the Group was 10% compared to forecast of 11%. It is expected with the strong earnings forecast in the second half, that the EBIT margin will be in line with forecast for the full financial year. This is supported by an above budget performance of the Group in January 2005.

Among the highlights for the half year were:

- solid performances by the Australian based businesses, particularly Surtron Technologies and Ace Drilling Supplies;

- the utilisation of Surtron's wireless steering technology by the coal bed methane gas drainage (CBM) industry on the east coast of Australia and the United States of America;

- the increased profitability of the Logging Division as a result of better rates, more capacity and increased utilisation in the expanding iron ore industry in the Pilbara region of Western Australia; and,

- progress in the re-structure of the Group's Saudi Arabian Joint Venture.

Australian Mud Company (AMC)

AMC provides drilling products and services to the mining, oil and gas, water well and horizontal directional drilling industries. AMC reported in the first half a 8% increase in operational revenue and a 14% decrease in EBIT, compared with the prior corresponding period. The revenue growth was due to a strong mining sector in Australia, however, reduced activity was evident in Indonesia, the Philippines and Mongolia which affected profitability. However, a number of overseas markets, including Indonesia and the Philippines, are forecast to be strong in the second half of FY05 which should ensure AMC meets budget for the full year.

Surtron Technologies (Surtron)

Surtron provides geophysical logging, down hole surveying services and a wide range of directional drill hole steering services. Surtron has made a substantial investment in wireless steering technology for the coal bed methane gas drainage (CBM) industry, which is proving its superiority over the conventional wire line system in the Australian and US markets.

Surtron's logging services continue to be in strong demand, due to the expansions being undertaken by the iron ore producers in Australia and the growth in the CBM industry. Operational revenue is up by 67% and EBIT has increased by 316% compared to the previous corresponding period.

Ace Drilling Supplies (Ace)

Ace's business is the sale and rental of drill hole survey instruments, down hole motors and cameras and drilling consumables to the drilling industry in Australia and internationally.

Ace traded strongly during the half year with a 20% increase in revenue and 57% increase in EBIT compared with the previous corresponding period due to the buoyant trading conditions in the resources sector and the additional equipment on rental.

Ace is forecasting to improve earnings further in the second half as the patented core orientation tool continues to be introduced into the diamond drilling market in Australia and internationally.

Imdex Minerals

Imdex Minerals operates a multi-purpose industrial minerals processing facility in Western Australia. Toll milling, the milling and sale of silica flour, agricultural products, sand and gravel packs and the mining, processing and sale of micaceous iron oxide constitute the bulk of its activities.

The management team at Imdex Minerals has succeeded in restoring the business to around break even for the six months. This is an admirable performance given the size and nature of the previous write downs required in the second half of FY04.

Rashid Trading Establishment/Imdex Limited Joint Venture

Offshore, Imdex has an interest in a Joint Venture with Rashid Trading Establishment (RTE) to provide drilling products and services to the oil and gas industry in the Kingdom of Saudi Arabia (KSA), the location of the world's largest oil and gas reserves.

Joint Venture sales averaged US$2.25 million per month (six months to 31 December 2003 – average US$1.29 million per month).

Agreement was reached with RTE in July 2004 to re-structure the interests in the Joint Venture. In summary, RTE increases its equity to 80% whilst Imdex reduces to 20%. A total of 10 million shares previously issued to Mr H H Al-Merry, the principal of RTE and a director of Imdex, have been cancelled. RTE is to pay to Imdex a total of US$1.5 million in cash in two tranches of US$1.0 million, due when shareholders approved the transaction and US$0.5 million, due on, or before, 31 March 2005.

At the date of this report, of the $US 1.0 million currently due from RTE, $US 150k has been transmitted by RTE. The Company has also negotiated a legally binding settlement plan which includes a personal guarantee from Mr H H Al-Merry. The settlement plan requires that RTE pay to Imdex a minimum of $US 100k each month, commencing 30 March 2005, provided that the total of US$1.5million is paid on or before 31 December 2005.

FINANCIAL OUTCOMES

The Group's 6% improvement in profitability was achieved on a 14% increase in operating revenue. As stated above, the overall improvement in profitability would have been greater had Imdex Minerals contributed to EBIT as forecast, however, the business operated around break even for the first half.

The Group's reported operating revenue (excluding the proceeds from the sale of the company's interest in the RTE/Imdex Joint Venture) was $22.145 million for the half year to 31 December 2004.

Earnings increased from 1.05 cents per share for the half year ended 31 December 2003 to 1.14 cents per share for the half year ended 31 December 2004.

COMPANY OUTLOOK

Looking ahead, directors and management will continue disciplined implementation of the four point medium term plan for improving shareholder value which has underpinned the improvement in the past six months.

This four point plan is as follows:

- continue operational earnings improvement within Australia;
- progressively realise the potential of our Saudi Arabian Joint Venture;

- achieve an overall improvement in group financial performance to make Imdex a competitive investment in the Australian market; and

- translate the improved performance into dividend income for our shareholders.

The businesses are operating well, and given the increased demand for the Group's products and services, there are strong indications that further gains in operational and financial performance will be made in the second half and beyond.

At the 2004 Annual General Meeting held in November last year, Directors gave shareholders an insight to the strategy going forward. This mainly involved the pursuit of scale in the core business of **drilling products and services** and the disposal of non core assets which do not have the potential for scale.

In accordance with this strategy, the Directors of Imdex announced to the market on 21 January 2005, the proposed acquisition of a 100% interest in the business of Samchem which is the leading drilling fluids and chemicals business in the mining industry in Africa. Samchem is also increasing its market share in the oil & gas industry in Africa. Included in the acquisition is a range of clay and cement chemical additives which improve the efficiency of the manufacturing process and quality of clay bricks and cement blocks. These chemical additives are being used in Africa, trials are underway in Australia and they have worldwide application.

The proposed acquisition of Samchem has a number of synergies with AMC which continues to trade strongly and is expanding into new overseas markets.

Surtron continues with the successful wireless steering technology in the emerging CBM industry in Australia and is expanding into overseas markets. The demand for logging services is strong and the survey business is focused on increasing profitability.

Ace Drilling Supplies is forecast to be a strong contributor to Group profits in FY05 and the patented core orientation tool is being increasingly accepted into the marketplace.

Based on the performance in the first six months, current market indications and business plans, directors are anticipating domestic revenue growth of approximately 15% in FY05 to $46 million at an EBIT margin of 11%.

DIVIDEND

The Board has decided not to declare an interim dividend for the half year.

Imdex has forecast revenue growth of at least 15% and significant EBIT growth in FY05. In addition, the directors have recently announced the proposed acquisition of the Samchem business.

Generating sustainable dividend income and increased returns for shareholders is a key plank in the four point plan referred to above.

For further information, please contact:

Bernie Ridgeway, Managing Director
Ian Burston, Chairman
Stephen Lyons, Company Secretary
Ph: +61 8 9481 5777
Email: imdex@imdex.com.au

About Imdex: *Imdex is a Perth-based public company, listed on the Australian Stock Exchange, whose core business is the supply of drilling products and services in Australia and many other countries around the world to the oil and gas, mining, water well, horizontal directional drilling and civil industries. Imdex also conducts minerals processing.*

IMDEX LIMITED
SUMMARY FINANCIAL HIGHLIGHTS FOR THE HALF YEAR ENDED 31 DECEMBER 2004

	31-Dec-04	31-Dec-03	CHANGE
	($m)	($m)	%
Operating Revenue	**22.15**	**19.37**	**+ 14.3%**
Total Revenue (including proceeds from the sale of the investment in the RTE/Imdex Joint Venture)	**24.20**	**19.37**	**+ 24.9%**
Operating Profit before Interest, Tax Depreciation & Amortisation	3.12	3.17	- 1.5%
Depreciation & Amortisation	(0.92)	(0.92)	
Earnings before Interest & Tax	**2.20**	**2.25**	**- 2.4%**
Net Interest Expense	(0.28)	(0.29)	
Operating Profit before Tax	**1.92**	**1.96**	**- 2.1%**
Income Tax Benefit/(Expense)	(0.57)	(0.70)	
Net Profit after Tax	**1.35**	**1.27**	**+ 6.3%**
Net Assets*	**17.39**	**23.07**	**- 24.6%**
Net Tangible Asset Backing Per Share*	**15.30¢**	**18.66¢**	**- 18.0%**
Earnings Per Share	**1.14¢**	**1.05¢**	**+ 8.6%**

* Net assets at 31 December 2003 included approximately $4m of overstated stock and debtors at Imdex Minerals which was subsequently written off in the 03/04 financial year. In addition, in accordance with the re-structure of the RTE/Imdex Joint Venture in Saudi Arabia, the cancellation of 10 million Imdex shares previously issued to RTE, resulted in a reduction in net assets of $2 million at 31 December 2004.

IMDEX LIMITED
ABN 78 008 947 813

FINANCIAL REPORT FOR THE HALF YEAR ENDED
31 December 2004

This Half Year Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.2A.

Current Reporting Period: Half Year ended 31 December 2004

Previous Corresponding Period: Half Year ended 31 December 2003

Results for Announcement to the Market
For the Half Year Ended 31 December 2004

Revenue and Net Profit

	Note	Movement	Change %/	Amount $'000
Revenue from operations	2	**up**/~~down~~	14%	to 22,145
Proceeds from the sale of the investment in the RTE/Imdex Joint Venture	2			2,050
Total revenue from ordinary activities	2	**up**/~~down~~	25%	to 24,195
Profit from ordinary activities after tax attributable to members	2	**up**/~~down~~	6%	to 1,345
Net profit attributable to members	2	**up**/~~down~~	6%	to 1,345

Dividends (Distributions)

	Amount per security	Franked amount per security
Final dividend	-¢	-¢
Interim dividend	-¢	-¢

Record date for determining entitlements to the dividend:

final dividend	N/A
interim dividend	N/A

Brief Explanation of Revenue, Net Profit/(Loss) and Dividends (Distributions)

Refer accompanying ASX Announcement.

Net Tangible Assets per Security

	31 Dec 2004 $'000	30 June 2004 $'000
Net tangible assets per security	15.30 cents	14.59 cents

Directors' Report
For the Half Year Ended 31 December 2004

The Directors of Imdex Limited submit herewith the financial report for the Half Year ended 31 December 2004. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The Directors of the Company during or since the end of the Half Year are:

Name	Period of Directorship
Mr Ian F Burston, Non Executive Chairman	Appointed 6 October 2000
Mr Bernie W Ridgeway, Managing Director	Appointed 1 May 2000
Mr Hadi Hammed Al-Merry, Non Executive Director	Appointed 12 April 2002
Mr Ross Kelly, Non Executive Director	Appointed 14 January 2004
Mr Kevin Dundo, Non Executive Director	Appointed 14 January 2004

Review of Operations

	Half Year Ended 31 Dec 2004 $'000	Half Year Ended 31 Dec 2003 $'000
Operating Revenue (excluding the proceeds from the sale of the RTE/Imdex Joint Venture)	22,145	19,368
Net Profit after tax	1,345	1,265

Imdex Limited (ASX:IMD), the Perth-based drilling products and services group, has reported a Net Profit after Tax of $1.345 million (+6%) on operating revenue of $22.145 million (+14%) for the half year ended 31 December 2004.

Earnings before Interest and Tax (EBIT) for the Group were $2.20 million (-2%) compared with a Group EBIT of $2.25 million for the previous corresponding period. Group earnings were affected by the below budget performance and non-contribution of Imdex Minerals which approximated break even for the first half. Despite the break even result of Imdex Minerals, the EBIT margin for the Group was 10% compared to forecast of 11%. It is expected with the strong earnings forecast in the second half, that the EBIT margin will be in line with forecast for the full financial year. This is supported by an above budget performance of the Group in January 2005.

Further details on the operations and overall results are contained in the Financial Report.

Directors' Report
For the Half Year Ended 31 December 2004

Independence declaration by the Auditor

Section 307C of the Corporations Act 2001 requires the lead audit partner of Deloitte Touche Tohmatsu, to provide the Directors of Imdex Limited with an Independence Declaration in relation to the review of the half year financial report. The Independence Declaration is on page 5 and forms part of the Directors Report.

Rounding Off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the Financial Report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Dated at Perth, 28 February 2005.

Signed in accordance with a resolution of the directors.

Ian F Burston
Chairman

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Woodside Plaza
Level 14
240 St. Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

DX 206
Tel: +61 (0) 8 9365 7000
Fax: +61 (0) 8 9365 7001
www.deloitte.com.au

The Board of Directors
Imdex Limited
Level 3 Redgum House
18 Richardson Street
WEST PERTH WA 6005

28 February 2005

Dear Board Members

Imdex Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Imdex Limited.

As lead audit partner for the review of the financial statements of Imdex Limited for the half-year ended 31 December 2004, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

KEITH JONES
Partner
Chartered Accountants

Member of
Deloitte Touche Tohmatsu

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Woodside Plaza
Level 14
240 St. Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

DX 206
Tel: +61 (0) 8 9365 7000
Fax: +61 (0) 8 9365 7001
www.deloitte.com.au

Independent review report to the members of Imdex Limited

Scope

We have reviewed the financial report of Imdex Limited for the half-year ended 31 December 2004 as set out on pages 7 to 23. The financial report includes the consolidated financial statements of the consolidated entity comprising Imdex Limited and the entities it controlled at the end of the half-year or from time to time during the half-year. Imdex Limited'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 AASB 1029 "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 consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for Imdex Limited 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 the consolidated entity's 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 Imdex Limited is not in accordance with:

(a) the Corporations Act 2001, including:
  (i) giving a true and fair view of the consolidated 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

KEITH JONES
Partner
Chartered Accountants
Perth, Western Australia, 28 February 2005

Member of
Deloitte Touche Tohmatsu

Directors' Declaration
For the Half Year Ended 31 December 2004

The Directors declare that:

1. the attached financial statements and notes thereto comply with Accounting Standards;

2. the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the consolidated entity;

3. in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and

4. in the Directors' opinion, there are reasonable grounds to believe that the disclosing entity will be able to pay its debts as and when they become due and payable.

Dated at Perth, 28 February 2005.

Signed in accordance with a resolution of the Directors made pursuant to s. 303(5) for the Corporations Act 2001.

Ian F Burston
Chairman

Statement of Financial Performance
For the Half Year Ended 31 December 2004

	Note	Half Year Ended 31 Dec 2004 $'000	Half Year Ended 31 Dec 2003 $'000
Revenue from sale of goods		17,421	16,407
Revenue from rendering of services		4,453	2,680
Other Revenue from ordinary activities		2,321	281
Total Revenue	2	24,195	19,368
Share of net (profit)/loss of equity accounted investments	9	-	70
Cost of investment in RTE/Imdex Joint Venture disposed of		2,050	-
Raw Materials and Consumables Used		9,811	8,852
Other expenses from ordinary activities	2	4,746	3,930
Employee expenses		4,467	3,348
Depreciation and amortisation expense		923	915
Borrowing costs	2	279	292
Profit From Ordinary Activities Before Income Tax Expense		1,919	1,961
Income tax expense relating to ordinary activities		(574)	(696)
Profit From Ordinary Activities After Related Income Tax Expense		1,345	1,265
Profit/(Loss) from extraordinary items after related income tax expense/(benefit)		-	-
Net Profit		1,345	1,265
Net Profit/(Loss) attributable to outside equity interests		-	-
Net Profit attributable to Members of the Parent Entity		1,345	1,265
Total Changes in Equity other than those resulting from transactions with owners as owners.		1,345	1,265

Statement of Financial Position
As at 31 December 2004

	Note	31 Dec 2004 $'000	30 June 2004 $'000
Current Assets			
Cash assets		131	56
Receivables	8	10,089	9,355
Inventories		7,712	6,340
Other		30	7
Total Current Assets		17,962	15,758
Non-Current Assets			
Other financial assets	7	1,403	5,413
Property, plant and equipment		11,703	11,771
Exploration, evaluation and development expenditure		619	641
Deferred tax assets		556	595
Total Non-Current Assets		14,281	18,420
Total Assets		**32,243**	**34,178**
Current Liabilities			
Payables		6,228	7,221
Interest-bearing liabilities		3,548	4,429
Current tax liabilities		374	39
Provisions		952	639
Total Current Liabilities		11,102	12,328
Non-Current Liabilities			
Interest-bearing liabilities		3,289	3,239
Deferred tax liabilities		370	370
Provisions		84	130
Total Non-Current Liabilities		3,743	3,739
Total Liabilities		**14,845**	**16,067**
Net Assets		**17,398**	**18,111**
Equity			
Contributed equity		19,008	21,058
Reserves		-	8
Accumulated losses		(1,610)	(2,955)
Total Equity		**17,398**	**18,111**

Statement of Cash flows
For the Half Year Ended 31 December 2004

	Note	Half Year Ended 31 Dec 2004 $'000	Half Year Ended 31 Dec 2003 $'000
Cash Flows From Operating Activities			
Receipts from customers		24,758	19,613
Payments to suppliers and employees		(22,669)	(17,697)
Grants received		77	55
Interest and bill discounts received		18	-
Interest and other costs of finance paid		(183)	(210)
Income tax paid		(200)	(522)
Net cash provided by Operating Activities		1,801	1,239
Cash Flows From Investing Activities			
Proceeds on sale of investment securities		-	-
Payment for property, plant and equipment		(975)	(1,084)
Proceeds from sale of property, plant and equipment		176	168
Payment for businesses/additional investment in associated entities		-	-
Net cash (used) in Investing Activities		(799)	(916)
Cash Flows From Financing Activities			
Hire purchase and lease payments		(635)	(562)
Proceeds from borrowings		1,460	1,626
Repayment of borrowings		(450)	(500)
Net cash provided by Financing Activities		375	564
Net Increase in Cash Held		1,376	887
Cash At The Beginning Of The Financial Period		(1,452)	(1,022)
Effects of exchange rate changes on the balance of cash held in foreign currencies		-	-
Cash At The End Of The Financial Period	4	(76)	(135)

Notes to the Financial Statements
For the Half Year Ended 31 December 2004

1. Basis of Preparation

This half-year report has been prepared in accordance with ASX Listing Rule 4.2A and the disclosure requirements of ASX Appendix 4D. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the 2004 Annual Financial Report.

The accounting policies adopted in the preparation of this half yearly report are consistent with those adopted and disclosed in the 2004 Annual Financial Report. Comparative information has been restated where applicable to ensure consistency.

As noted in Note 2 to the 2004 Annual Financial Report, in March 2004 discrepancies in the recorded value of stock and debtors, totalling $4.06 million were uncovered at Imdex Minerals, a division of Imdex Limited. The background concerning this matter has been the subject of numerous previous announcements to ASX. Due to the nature of the discrepancies, and the periods to which they relate, it is impracticable, and the Company has not, restated the comparative information relating to the corresponding financial period, the half year ended 31 December 2003.

Details of changes in accounting policies:

Nil

2. Profit from Ordinary Activities

(a) Profit from ordinary activities before income tax includes the following items of revenue	**Half Year Ended 31 Dec 2004 $'000**	**Half Year Ended 31 Dec 2003 $'000**
Operating Revenue		
Sale of goods	17,421	16,407
Rendering of services	4,453	2,680
	21,874	19,087
Non Operating Revenue		
Interest from other parties	18	-
Gross proceeds from sale of non-current assets	176	168
Grants received	77	54
Other revenue	-	59
Proceeds from the sale of the investment in the RTE/Imdex Joint Venture	2,050	-
	2,321	281
Total revenue from ordinary activities	24,195	19,368

Notes to the Financial Statements
For the Half Year Ended 31 December 2004

(b) Profit from ordinary activities before income tax includes the following items of expense

Net foreign exchange (gain)/loss	(2)	98
Net (gain)/loss on disposal of property, plant and equipment	(30)	(86)
Cost of investment in RTE/Imdex Joint Venture disposed of	2,050	-
Depreciation of non-current assets		
- buildings	47	47
- plant and equipment	854	867
	901	914
Amortisation of:		
- leased assets	-	1
- exploration, evaluation and development expenditure	22	-
Borrowing costs:		
- hire purchase liabilities	96	81
- other parties	183	211
	279	292
Commissions	291	238
Consultancy fees	361	294
Electricity	220	212
Repairs and maintenance	431	272
Insurance	154	136
Freight	206	256
Communication	149	144
Rent and premises cost	532	336
Travel and accommodation	492	379
Foreign exchange loss/(gain)	(2)	89
Other expenses	1,912	1,574
	4,746	3,930

3. Sale of Assets

	Half Year Ended 31 Dec 2004 $'000	Half Year Ended 31 Dec 2003 $'000
Sales of assets in the ordinary course of business have given rise to the following profits and losses:		
Net Profits		
Property, plant and equipment	30	86

Notes to the Financial Statements
For the Half Year Ended 31 December 2004

4. Notes to the Statement of Cash Flows

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	31 Dec 2004 $'000	31 Dec 2003 $'000
Cash	131	143
Bank Overdraft	(207)	(278)
	(76)	(135)

(b) Non-Cash Financing and Investing Activities

As referred to in Note 7, as part of the re-structure of the RTE/Imdex Joint Venture, Imdex has reduced its interest in the Joint Venture from 49% to 20%, with RTE increasing its interest from 51% to 80%. The amount owing to Imdex has been satisfied through the cancellation of 10,000,000 shares held by Mr HH Al-Merry, the principal of RTE, as previously agreed by the parties.

Notes to the Financial Statements
For the Half Year Ended 31 December 2004

5. Details Relating to Dividends (Distributions)

		Date dividend payable	Amount per security ¢	Amount per security of foreign sourced dividend ¢
Final dividend	2004	n/a	-	-
	2003	n/a	-	-
Interim dividend	2004	n/a	-	-
	2003	n/a	-	-
Total	2004	n/a	-	-
	2003	n/a	-	-

Total dividend (distribution) per security (interim plus final)

	31 Dec 2004 ¢	31 Dec 2003 ¢
Ordinary securities	-	-

Interim and final dividend (distribution) on all securities

	31 Dec 2004 $'000	31 Dec 2003 $'000
Ordinary securities	-	-
Total	-	-

Any other disclosures in relation to dividends (distributions).

N/A

Dividend Reinvestment Plans

The dividend or distribution plans shown below are in operation.

There are no dividend plans in operation.

The last date(s) for receipt of election notices for the dividend or distribution plans	N/A

Notes to the Financial Statements
For the Half Year Ended 31 December 2004

6. Earnings per Share

	Half Year Ended 31 Dec 2004 ¢ per share	Half Year Ended 31 Dec 2003 ¢ per share
Basic EPS	1.14 cents	1.05 cents
Diluted EPS	1.14 cents	1.05 cents

Basic Earnings per Share
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	Half Year Ended 31 Dec 2004 $'000	Half Year Ended 31 Dec 2003 $'000
Earnings (a)	1,345	1,265
	31 Dec 2004 No. '000	**31 Dec 2003 No. '000**
Weighted average number of ordinary shares (b)	117,973	120,055

(a) Earnings used in the calculation of basic earnings per share reconciles to net profit in the statement of financial performance as follows:

	Half Year Ended 31 Dec 2004 $'000	Half Year Ended 31 Dec 2003 $'000
Net profit	1,345	1,265
Fundamental errors	-	-
Earnings used in the calculation of basic EPS	1,345	1,265

Where dilutive, potential ordinary shares are included in the calculation of diluted earnings per share (refer below).

Notes to the Financial Statements
For the Half Year Ended 31 December 2004

Diluted Earnings per Share

The earnings and weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share are as follows:

	Half Year Ended 31 Dec 2004 $'000	Half Year Ended 31 Dec 2003 $'000
Earnings (a)	1,345	1,265

	31 Dec 2004 No. '000	31 Dec 2003 No. '000
Weighted average number of ordinary shares and potential ordinary shares	117,973	120,055

(a) Earnings used in the calculation of diluted earnings per share reconciles to net profit in the statement of financial performance as follows:

	Half Year Ended 31 Dec 2004 $'000	Half Year Ended 31 Dec 2003 $'000
Net profit	1,345	1,265
Fundamental errors	-	-
	1,345	1,265

Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	31 Dec 2004 No. '000	31 Dec 2003 No. '000
Weighted average number of ordinary shares used in the calculation of basic EPS	117,973	120,055
No shares deemed to be issued for no consideration	-	-
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted EPS	117,973	120,055

Notes to the Financial Statements
For the Half Year Ended 31 December 2004

7. Other Financial Assets

	31 Dec 2004 $'000	30 June 2004 $'000
RTE/Imdex Saudi Arabian Joint Venture, Imdex Arabia	1,403	5,413

On 6 October 2004, the Company announced to the ASX that it had signed a formal legal agreement with Rashid Trading Establishment (RTE) to restructure the RTE/Imdex Joint Venture. The terms of the restructure were subsequently approved by members at the Annual General Meeting (AGM) held on 8 November 2004. The main financial elements of the restructure were that:

- 10,000,000 shares in Imdex Limited held by Mr H H Al-Merry be cancelled;
- RTE pay to Imdex Limited, $US 1.5million net; and
- Following completion of the restructure the carrying value of the Company's investment in Saudi Arabia would be in the order of AUD$2million, representing a 20% interest in Imdex Arabia (reduced from 49%).

On 23 November 2004, the Company announced to the ASX that it had cancelled the 10,000,000 shares held by Mr H H Al-Merry. This cancellation and the reclassification of the amounts due from RTE to Current Receivables, refer Note 8, has resulted in the reduction of the carrying amount of the investment to $1.403 million as recorded above.

As part of the restructure, $US 1.0 million was due to be paid by RTE to the Company following the approval of shareholders and the remaining $US 500k is due on, or before, 31 March 2005.

At the date of this report, of the $US 1.0 million currently due from RTE, $US 150k has been transmitted by RTE. The Company has also negotiated a legally binding settlement plan which includes a personal guarantee from Mr H H Al-Merry, the principal of RTE and a Director of Imdex. The settlement plan requires that RTE pay to Imdex a minimum of $US 100k each month, commencing 30 March 2005, provided that the total of US$ 1.5 million be paid on or before 31 December 2005.

8. Receivables

	31 Dec 2004 $'000	30 June 2004 $'000
Net Trade Receivables	8,131	9,355
Due from Rashid Trading Establishment (a)	1,958	-
	10,089	9,355

(a) Refer to Note 7 for further information.

Notes to the Financial Statements
For the Half Year Ended 31 December 2004

9. Details of Associates

Name of Entity	Ownership Interest 31 Dec 2004 %	Ownership Interest 31 Dec 2003 %	Contribution to net profit 31 Dec 2004 $'000	Contribution to net profit 31 Dec 2003 $000
Imdex International FZC (Dubai)	-	49	-	-
RTE International (Dubai)	-	49	-	-
RTE/Imdex Saudi Arabian Joint Venture	(a)	49	-	(70)
Imdex Arabia	(a)	49	-	-

(a) The Company has received legal advice that whilst the receivable from RTE is outstanding, refer Note 7, the Company still retains its 49% interest in the RTE/Imdex Joint Venture and Imdex Arabia. However despite this, the Company believes it no longer has an ownership interest in an Associated Company, as that term is defined under accounting standards, and therefore no longer equity accounts for this investment. The comparative accounting treatment is shown above.

10. Contingent Liabilities

	31 Dec 2004 $'000	30 June 2004 $'000
Guarantees		
Indemnity to power transmission	16	16
Rental Bond	100	100
Department of Mines	27	27
Minister of State Development	12	12
	155	155

11. Segment Information

Segment Revenues

	External Sales		Inter-Segment		Other		Total	
	31 Dec 2004 $'000	31 Dec 2003 $'000	31 Dec 2004 $'000	31 Dec 2003 $'000	31 Dec 2004 $'000	31 Dec 2003 $'000	31 Dec 2004 $'000	31 Dec 2003 $'000
Drilling Products and Services	7,774	5,414	-	-	154	128	7,928	5,542
Minerals Processing	3,641	4,152	-	-	-	-	3,641	4,152
Drilling Fluids and Chemicals	10,459	9,512	-	-	98	153	10,557	9,665
Other	-	-	-	-	-	-	-	-
Total of all segments	21,874	19,078			252	281	22,126	19,359
Eliminations	-	-	-	-	-	-	-	-
Unallocated	-	9	-	-	2,069	-	2,069	9
Consolidated	21,874	19,087	-	-	2,573	281	24,195	19,368

Notes to the Financial Statements
For the Half Year Ended 31 December 2004

Segment Results

	Half Year Ended 31 Dec 2004 $'000	Half Year Ended 31 Dec 2003 $'000
Drilling Products and Services	1,145	464
Minerals Processing	(40)	812
Drilling Fluids and Chemicals	1,227	1,335
Total of all segments	2,332	2,611
Eliminations	-	-
Unallocated	(413)	(650)
Profit from ordinary activities before income tax expense	1,919	1,961
Income tax expense relating to ordinary activities	(574)	(696)
Profit from ordinary activities after related income tax expense	1,345	1,265

12. Subsequent Events

On 21 January 2005, the Company announced to the ASX that it had signed a Heads of Agreement to acquire 100% of the drilling fluids and chemicals business of the South African Mud Company (Samchem) Limited. The acquisition is subject to satisfactory completion of due diligence and the approval of Imdex's shareholders at a General Meeting expected to be held by 30 April 2005. Samchem is a major manufacturer and supplier of drilling fluids and services to the mining and oil and gas industries in Africa. Included in the acquisition is a range of clay and cement chemical additives.
The approximate consideration for the transaction is 35 million Rand ($AUD 7.6 million) and is expected to be satisfied 50% in cash and 50% by an issue of Imdex Limited shares.

13. Impact of adopting the Australian equivalents to International Financial Reporting Standards

(a) Management of the transition to A-IFRS

In accordance with the Financial Reporting Council's strategic directive, Imdex Limited will be required to prepare financial statements that comply with Australian equivalents to International Financial Reporting Standards ("A-IFRS") for annual reporting periods beginning on or after 1 January 2005. Accordingly, Imdex Limited's first half-year report prepared under A-IFRS will be for the half-year reporting period ended 31 December 2005, and its first annual financial report prepared under A-IFRS will be for the year ended 30 June 2006.

As indicated in the 2004 Annual Report, Imdex Limited has commenced the management of the transition process to A-IFRS, with work continuing in the half year ended 31 December 2004. The consolidated entity plans to manage the transition to A-IFRS in 3 phases: a scoping and impact analysis, an evaluation and design phase and an implementation and review phase. Risk management and change management will be managed throughout the life of the project.

Imdex Limited completed the high-level scoping and impact analysis in late July 2004, as part of its awareness training to obtain an idea of the effect and effort involved in adopting A-IFRS on the consolidated entity. Part of the scoping exercise involved identifying key areas of impact that will arise on adoption of A-IFRS including financial impact, effort required, and options available to the consolidated entity on first-time adoption of A-IFRS. Now that the consolidated entity has this information, it intends to conduct an additional, and more detailed, business impact study to determine the approximate impact and best options for the consolidated entity for future reporting periods, and to

Notes to the Financial Statements
For the Half Year Ended 31 December 2004

begin a process to identify any system and process changes required in order to capture information necessary to allow the preparation of financial statements which are fully compliant with A-IFRS.

The Audit Committee believes Imdex Limited will be able to achieve its plan for A-IFRS implementation such that financial statements which are fully compliant with A-IFRS will be able to be prepared.

(b) Key differences from current accounting policies

As set out in the 2004 Annual Report, Imdex Limited has identified the following as being the significant areas of differences affecting the consolidated entity on first time adoption of A-IFRS. This does not represent an exhaustive list of the differences that will arise, and further analysis may change the consolidated entity's assessment of the importance or otherwise of the various differences.

(i) First-time adoption of A-IFRS

On first-time adoption of A-IFRS, the consolidated entity will be required to restate its comparative balance sheet such that the comparative balances presented comply with the requirements specified in the A-IFRS. That is, the balances that will be presented in the financial report for the year ended 30 June 2005 may not be the balances that will be presented as comparative numbers in the financial report for the following year, as a result of the requirement to retrospectively apply the A-IFRS. In addition, certain assets and liabilities may not qualify for recognition under A-IFRS, and will need to be derecognised. As any adjustments on first-time adoption are to be made against opening retained earnings, the amount of retained earnings at 30 June 2004 presented in the 2005 financial report and the 2006 financial report available to be paid out as dividends may differ significantly.

Various voluntary and mandatory exemptions are available to the consolidated entity on first-time adoption, which will not be available on an ongoing basis. The exemptions provide relief from retrospectively accounting for certain balances, instruments and transactions in accordance with A-IFRS, and includes relief from having to restate past business combinations, expense share-based payments granted before 7 November 2002, and the identification of a 'deemed cost' for property, plant and equipment.

The impact on Imdex Limited of the changes in accounting policies on first-time adoption of A-IFRS will be affected by the choices made. The consolidated entity is evaluating the effect of the options available on first-time adoption in order to determine the best possible outcome for the consolidated entity.

(ii) Share-based payment

The consolidated entity has in place a Staff Option Scheme to reward employees for the past services as well as to provide an incentive for future efforts. The consolidated entity does not recognise an expense for any share-based compensation granted. Under A-IFRS, the consolidated entity will be required to recognise an expense for such share-based compensation. Share-based compensation is measured at the fair value of the share options determined at grant date and recognised over the expected vesting period of the options. A reversal of the expense will be permitted to the extent non-market based vesting conditions (e.g. service conditions) are not met. The entity will not retrospectively recognise share-based payments vested before 1 January as permitted under A-IFRS first time adoption.

The recognition of the expense will decrease the consolidated entity's opening retained earnings on initial adoption of A-IFRS and increase share capital by the same amount for share-based payments issued after 7 November 2002 but not vested before 1 January 2005. Similar impacts will also occur in future periods, however, quantification of the impact on equity and in the income statement of the existing share options granted as remuneration has not been completed at the reporting date.

Notes to the Financial Statements
For the Half Year Ended 31 December 2004

(iii) Income tax

The consolidated entity currently recognises deferred taxes by accounting for the differences between accounting profits and taxable income, which give rise to 'permanent' and 'timing' differences. Under A-IFRS, deferred taxes are measured by reference to the 'temporary differences' determined as the difference between the carrying amount and the tax base of assets and liabilities recognised in the balance sheet.

Because A-IFRS has a wider scope than the entity's current accounting policies, it is likely that the amount of deferred taxes recognised in the balance sheet will increase. In particular, increases in deferred tax liabilities may occur in relation to deferred taxes associated with fair value adjustments and intangibles arising in relation to pre-transition business combinations, revaluations of land and buildings and investments in associates.

Adjustments to the recognised amounts of deferred taxes will also result as a consequence of adjustments to the carrying amounts of assets and liabilities resulting from the adoption of other A-IFRS. The likely impact of these changes on deferred tax balances has not currently been determined.

(iv) Property, plant and equipment

On transition to A-IFRS, the entity has several options in the determination of the cost of each tangible asset, and can also elect to use the cost or fair value basis for the measurement of each class of property, plant and equipment after transition. At the date of this report, the entity has not decided which options and measurement basis will be adopted and the likely impacts therefore cannot be determined.

(v) Provision for decommissioning, restoration and similar liabilities

A-IFRS specifically requires the capitalisation of costs of dismantling and removing an asset and restoring the site on which the asset was created when an asset is initially recognised. The consolidated entity currently accrues through profit and loss for the cost of dismantling and restoration over the life of the asset. Adjustments may be required to the liability recognised where the amount accrued and the date of transition under AGAAP differs from that required under A-IFRS. The entity is also still determining the adjustments to the carrying amounts of assets that may result from these requirements.

(vi) Impairment of assets

Non-current assets are written down to recoverable amount when the asset's carrying amount exceeds recoverable amount. Historically, although not mandated, Imdex Limited has discounted cash flows in determining the recoverable amount of its non-current assets.

Under A-IFRS, both current and non-current assets are tested for impairment. In addition, A-IFRS has a more prescriptive impairment test, and requires discounted cash flows to be used where value in use is used to assess recoverable amount. Consequently, on adoption of A-IFRS, a further impairment of certain assets may need to be recognised, thereby decreasing opening retained earnings and the carrying amount of assets – the consolidated entity has not yet determined the impact, if any, of any further impairment which may be required. It is not practicable to determine the impact of the change in accounting policy for future financial reports, as any impairment or reversal thereof will be affected by future conditions.

(vii) Off-balance sheet financial assets and liabilities

A-IFRS requires the recognition of all financial assets and financial liabilities, including all derivatives and embedded derivatives, some of which may not be recognised under current Australian GAAP. Accordingly, recognition of these financial assets and financial liabilities may significantly change the net asset position of the consolidated entity, but the impact of the change will not be known until all

Notes to the Financial Statements
For the Half Year Ended 31 December 2004

financial instruments, including any embedded derivatives, are identified, measured and recognised in accordance with the new requirements.

An embedded derivative will have to be separately recognised at fair value from its host contract unless certain conditions are met. Changes in the fair value of the derivative are to be recognised in the income statement unless specific hedging criteria are met. The process of reviewing all contracts (e.g. lease contracts) for the existence of such derivatives is time-consuming, and whether any such derivatives exist and the value attaching to them, can only be determined subsequent to the review.

(viii) Financial assets and financial liabilities

Under current Australian GAAP, financial assets and financial liabilities are recognised at cost, at fair value, or at net market value. On adoption of A-IFRS, the consolidated entity will be required to classify these financial instruments into various specified categories. The classification of the instrument will affect the instrument's subsequent measurement – at amortised cost using the effective interest rate method, fair value with movements recognised through equity or fair value recognised through the profit and loss. The consolidated entity is evaluating the different options available, but has not made any determination at reporting date of the accounting to be adopted, and consequently, the impact of the change on the financial statements cannot yet be quantified.

(ix) Impairment of financial assets

The consolidated entity provides for doubtful debts using an estimate based on historical trends. Under A-IFRS, the entity will no longer be able to provide for doubtful debts on this basis, as a financial asset or group of financial assets is impaired only if there is objective evidence as a result of one or more events that occurred after the initial recognition of the asset – that is, an incurred but not yet reported model rather than an expected loss model must be applied. Consequently, on adoption of A-IFRS, and on an ongoing basis, general provisions and expected loss models may no longer be appropriate, which may cause the carrying amount of various financial assets to increase.

(x) Business combinations

Historically, the acquisition of an entity or operation is accounted for under the purchase method of accounting by the legal acquirer. Where consolidated accounts are prepared, the assets and liabilities purchased are initially recognised at their fair values in the consolidated accounts.

Under A-IFRS, the purchase method of accounting must be applied where there is a business combination, however, not all acquisitions will qualify as a business combination, and as such the purchase method of accounting for these acquisitions will no longer be appropriate. In addition, the legal acquirer may not be the 'acquirer' per A-IFRS, and the consolidated accounts may consequently reflect the fair values of the legal acquirer's assets and liabilities rather than the fair value of the assets and liabilities of the entity legally acquired.

Furthermore, there are a number of recognition and measurement differences that result in relation to assets and liabilities acquired in a business combination, particularly in relation to intangible assets and restructuring provisions. Acquired contingent liabilities must also be recognised at their fair values where acquired in a business combination.

The impact of these changes in accounting policy on first-time adoption will depend on whether the consolidated entity will elect to adopt the exemption available to it to not reopen past acquisitions and retrospectively account for them appropriately. On an ongoing basis, this change in policy may significantly affect the profit and loss and balance sheet, as the accounting going forward significantly differs from the manner in which such transactions are treated under current Australian GAAP.

Notes to the Financial Statements
For the Half Year Ended 31 December 2004

(xi) Extractive industries

An A-IFRS on extractive industries has not yet been issued. Consequently, the consolidated entity is unable to determine the change in policies and related impacts, if any, that may arise on adoption of A-IFRS on its extractive-related operations and balances at reporting date.

(xii) Depreciation

Under current Australian GAAP, the consolidated entity's property, plant and equipment is depreciated to the extent of its depreciable amount, determined as the difference between carrying amount and residual value. The residual amount used in the determination of recoverable amount is estimated at the date of acquisition and is not subsequently increased for changes in prices, except where the asset had been revalued. Under A-IFRS, the residual amount is reviewed at each balance date and revised to the current net amount expected from the disposal of the asset if it were already at the age and condition expected at the end of its useful life. Accordingly, changes to the residual value may introduce additional volatility in the profit or loss.

(xiii) Employee benefits

Under A-IFRS, the consolidated entity will no longer be able to recognise provisions for annual leave on a nominal basis, regardless of when the leave is expected to be taken, but will instead be required to discount the portion of annual leave liabilities expected to be taken more than twelve months from the reporting date. This change in accounting policy is likely to reduce the aggregate provision for annual leave, but is unlikely to significantly affect the income statement.

(xiv) Proceeds from sale of assets

The current definition of revenue requires proceeds on sale of non-current assets to be included as revenue – this has the effect of 'grossing up' the statement of financial performance. Under A-IFRS, only the net gain or loss from the sale will be recognised in profit or loss. Consequently, there will be no net impact on the income statement.

(xv) Correction of errors

An error made in a prior reporting period is presently corrected in the reporting period in which the error is discovered by recognising the effect of the error in the current financial statements. In future financial periods, any material prior period errors are to be accounted for retrospectively, i.e. by adjusting the opening balance of retained earnings of the comparative period. Accordingly, the identification of a material prior period error will no longer give rise to volatility in the current period income statement.

(xvi) Government grants

Presently, non-reciprocal grants received are recognised as revenue when the consolidated entity obtains control of the grant, regardless of the specific purpose to which the grant is required to be expended or the periods over which the grant conditions apply. A liability to repay the grant is only recognised where a present obligation exists to repay grant monies. A-IFRS requires grants received to be recognised as income on a systematic basis over the periods necessary to match them with the related costs which they are intended to compensate, but only when there is reasonable assurance that the entity will comply with the conditions attaching to them and that the grants will be received. Accordingly, the change in accounting policy will result in the later recognition of grants as revenue and the recognition of additional liabilities on the balance sheet. This will reduce some of the volatility in the income statement arising from the current Australian GAAP grant revenue recognition policies.