

**APPENDIX 4D**  
**HALF-YEAR REPORT TO THE AUSTRALIAN STOCK  
EXCHANGE**



Name of Entity	Biometrics Limited
ABN	69 104 113 760
Half year ended	31 December 2006
Previous corresponding period	31 December 2005

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

				\$
Revenue from continuing operations	Down \$6,907	40.37%	To	\$10,202
Loss from continuing operations after tax attributable to members	Up (\$394,963)	124.55%	To	(\$712,065)
Net Loss for the period attributable to members	Up (\$394,963)	124.55%	To	(\$712,065)

No interim dividend was paid and it is not proposed to pay any dividends.

**General Overview**

The focus of the Company is on exploring many opportunities for transition into the provision of private hospitals, aged care and healthcare related services. The aim is to move towards an integrated portfolio of healthcare businesses that provide strong positioning in both the private and aged care sectors. Opportunities in the Australian healthcare system are enormous as healthcare is divided between federal and state governments with both the public and the private sectors playing a significant role.

## APPENDIX 4D (CONTINUED)

The federal government is encouraging people to take out private health insurance, while preserving Medicare as the universal safety net. Therefore, the ongoing provision of private hospital services has been identified as a key target for Biometrics Limited.

Biometrics Limited has developed and is pursuing the necessary strategic plans and alliances to progress the Company. The Company is currently well advanced in a number of due diligence exercises with some nearing contract and sale agreement stage. The Board of Directors is entirely united on its vision for Biometrics Limited in order to identify shareholder wealth creating strategies.

### Explanation of Revenue

To enable a comparison of the Half Year Report for the period ended 31 December 2006, the following table shows the revenue as shown in the Half-Year financial statements:

	31 Dec 2006	31 Dec 2005
	\$	\$
Interest Revenue	10,202	17,109
<b>Revenue from ordinary activities</b>	<b>10,202</b>	<b>17,109</b>

### Explanation of Net Profit

The main factors for these results are:

- The reversal of a provision for diminution in investment of \$300,000 in the corresponding period.
- Expensing of Director options as approved by shareholders in the General Meeting on 30 August 2006
- The commencement of due diligence activities and initial infrastructure costs in reviewing opportunities in the healthcare sector in the current period.

**The results for the half year ended 31 December 2006 are in line with Management and Board expectations as the Company commences to implement the new business activities and operations.**

	Current Period	Previous Corresponding Period (31 Dec 2005)
Net tangible assets per ordinary security	0.51 cents	0.47 cents



**Biometrics Limited**

**ABN 69 104 113 760**

**Half-year report for the half-year ended 31 December 2006**

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## Corporate Directory

<b>Directors</b>	Dr Barry Landa - Non Executive Chairman Mr Peter Mangles - Managing Director Mr Trevor Beazley - Non Executive Director Mr Andrew Gregory - Non Executive Director
<b>Company Secretary</b>	Mr David Franks
<b>Registered Office</b>	Suite 10.06 Milsons Landing 6A Glen Street Milsons Point NSW 2061
<b>Solicitors to the Company</b>	S.Moran and Co.
<b>Auditor</b>	PKF Level 10, 1 Margaret Street Sydney NSW 2000
<b>Share Registry</b>	Computershare Investor Services Pty Ltd Level 2, Reserve Bank Building 45 St George's Terrace PERTH WA 6000
<b>Internet Website</b>	<a href="http://www.biometricslimited.com">www.biometricslimited.com</a>

## **Directors' report**

The directors of Biometrics Limited submit herewith the financial report for the half-year ended 31 December 2006. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the company during or since the end of the half-year are:

### **Name**

Dr Barry Landa	- Non Executive Chairman	Mr Trevor Beazley	- Non Executive Director
Mr Peter Mangles	- Managing Director, CEO	Mr Andrew Gregory	- Non Executive Director

The above named directors held office during and since the end of the half-year except for:

- Mr Peter Mangles - appointed 9 October 2006

## **Review of operations**

The Company incurred a loss of \$712,065 (2005: loss of \$317,102) after income tax for the year.

The focus of the Company is on exploring many opportunities for transition into the provision of private hospitals, aged care and healthcare related services. The aim is to move towards an integrated portfolio of healthcare businesses that provide strong positioning in both the private and aged care sectors. Opportunities in the Australian healthcare system are enormous as healthcare is divided between federal and state governments with both the public and the private sectors playing a significant role. The federal government is encouraging people to take out private health insurance, while preserving Medicare as the universal safety net. Therefore, the ongoing provision of private hospital services has been identified as a key target for Biometrics Limited.

Biometrics Limited has developed and is pursuing the necessary strategic plans and alliances to progress the Company. The Company is currently well advanced in a number of due diligence exercises with some nearing acquisition stage. The Board of Directors is entirely united on its vision for Biometrics Limited in order to identify shareholder wealth creating strategies.

During the half-year, the capital structure of the Company changed due to:

- Issue of 4,000,000 shares at an issue price of 13 cents each to professional and sophisticated investors pursuant to s.708 of the Corporation Act.
- Issue of 5,000,000 options exercisable at 20 cents per share before 31 March 2009 to Directors as approved by shareholders at the General Meeting on 30 August 2006

## **Auditor's independence declaration**

The auditor's independence declaration is included on page 2 of the half-year report.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors



**Dr Barry Landa**  
Director & Chairman  
Sydney, 27 February 2007

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

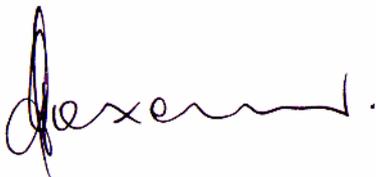
To the Directors of Biometrics Limited

As engagement auditor for the review of Biometrics Limited for the half-year ended 31 December 2006, I declare that, to the best of my knowledge and belief, there have been:

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



**PKF**



**Grant Saxon**  
**Partner**

**Sydney, 27 February 2007**

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Biometrics Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Biometrics Limited, which comprises the condensed balance sheet as at 31 December 2006, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a description of accounting policies on page 10, other selected explanatory notes as set out on pages 10 to 12, and the directors' declaration as set out on page 5.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of Biometrics Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Biometrics Limited's financial position as at 31 December 2006 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Biometrics Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

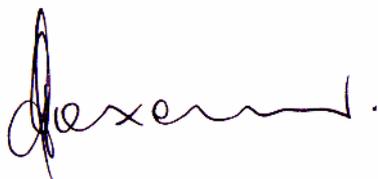
*Conclusion*

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 Biometrics Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Biometrics Limited's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

*Material Uncertainty Regarding Continuation as a Going Concern*

Without qualifying our opinion, we draw attention to the following matter. As indicated in Note 2 to the financial statements, Biometrics Limited incurred a net loss of \$712,065 for the half-year ended 31 December 2006 and, as of that date, the accumulated losses were \$4,765,307. The ability of Biometrics Limited to continue as a going concern and to meet planned and committed expenditure requirements, is subject to Biometrics Limited raising further equity and/or loan capital. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about Biometrics Limited's ability to continue as a going concern.

**PKF****Grant Saxon****Partner****Sydney, 27 February 2007**

## **Directors' declaration**

The directors declare that:

- (a) 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; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'B. Landa', is written over a faint rectangular stamp area.

**Dr Barry Landa**  
Director & Chairman  
**Sydney, 27 February 2007**

## Condensed consolidated income statement for the half-year ended 31 December 2006

	Consolidated	
	Half-year ended 31 Dec 2006 \$	Half-year ended 31 Dec 2005 \$
<b>Continuing operations</b>		
Revenue	10,202	17,109
Other income	-	-
Legal fees and settlements	(6,228)	(107,204)
Decrease/(Increase) in provision for diminution in investments	-	300,000
Employee benefits expense	(196,395)	(185,366)
Share based payments reserve expense	(260,000)	-
Consultants	(61,883)	-
Shares allotted to consultant	-	(250,000)
Depreciation	(8,669)	-
Occupancy costs	(25,020)	(14,700)
Compliance costs	(118,103)	(37,310)
Other expenses	(45,969)	(39,631)
Loss before tax	(712,065)	(317,102)
Income tax expense	-	-
Loss for the period from continuing operations	(712,065)	(317,102)
<b>Discontinued operations</b>		
Profit/(Loss) for the period from discontinuing operations	-	-
<b>Loss for the period</b>	<b>(712,065)</b>	<b>(317,102)</b>
<b>Earnings per share:</b>		
From continuing and discontinued operations:		
Basic (cents per share)	(1.41)	(0.68)
Diluted (cents per share)	(1.41)	(0.68)
From continuing operations:		
Basic (cents per share)	(1.41)	(0.68)
Diluted (cents per share)	(1.41)	(0.68)

Notes to the financial statements are included on pages 10 to 12.

**Condensed consolidated balance sheet  
as at 31 December 2006**

		<b>Consolidated</b>	
		<b>31 December 2006</b>	<b>30 June 2006</b>
<b>Note</b>		<b>\$</b>	<b>\$</b>
<b>Current assets</b>			
	Cash and cash equivalents	420,610	282,209
	Trade and other receivables	17,744	9,756
	Inventories	-	-
	Other	-	-
	<b>Total current assets</b>	<b>438,354</b>	<b>291,965</b>
<b>Non-current assets</b>			
	Trade and other receivables	-	-
	Property, plant and equipment	21,424	17,794
7	Intangibles	-	-
	Other	-	-
	<b>Total non-current assets</b>	<b>21,424</b>	<b>17,794</b>
	<b>Total assets</b>	<b>459,778</b>	<b>309,759</b>
<b>Current liabilities</b>			
	Trade and other payables	201,473	88,189
	Provisions	-	-
	Other	-	-
	<b>Total current liabilities</b>	<b>201,473</b>	<b>88,189</b>
<b>Non-current liabilities</b>			
	Borrowings	-	-
	Provisions	-	-
	Other	-	-
	<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>
	<b>Total liabilities</b>	<b>201,473</b>	<b>88,189</b>
	<b>Net assets</b>	<b>258,305</b>	<b>221,570</b>
<b>Equity</b>			
	Issued capital	4,619,862	4,131,062
	Reserves	403,750	143,750
	Accumulated losses	(4,765,307)	(4,053,242)
	<b>Total equity</b>	<b>258,305</b>	<b>221,570</b>

Notes to the financial statements are included on pages 10 to 12.

## Condensed consolidated statement of changes in equity for the half-year ended 31 December 2006

	Share capital \$	Equity- settled payment reserve \$	Retained losses \$	Foreign currency translatio n reserve \$	Option Reserve \$	Attributable to equity holders of the parent \$	Minority interest \$	Total \$
Balance at 1 Jul 2005	4,065,162	-	(3,421,356)	-	143,750	787,556	-	787,556
Effects of changes in accounting policies:								
Effect of changes in the accounting for financial guarantee contracts								
As restated	4,065,162	-	(3,421,356)	-	143,750	787,556	-	787,556
Gain/(loss) on revaluation of property								
Increase/(decrease) arising from a change in existing decommissioning, restoration or similar liabilities								
Gain/(loss) on available-for-sale investments								
Gain/(loss) on cash flow hedges								
Exchange differences arising on translation of foreign operations								
Related income tax								
<b>Net income recognised directly in equity</b>	-	-	-	-	-	-	-	-
Transfers (net of any related tax):								
Transfer to profit or loss on cash flow hedges								
Transfer to initial carrying amount of non-financial hedged item on cash flow hedges								
Transfer to profit or loss on sale of available-for-sale investments								
Loss for the period	-	-	(317,012)	-	-	(317,012)	-	(317,012)
<b>Total recognised income and expense</b>	-	-	(317,012)	-	-	(317,012)	-	(317,012)
Recognition of share-based payments								
Transfer to retained earnings								
Cancelled allotment to CCS per settlement	(300,000)	-	-	-	-	(300,000)	-	(300,000)
Issue of shares	372,000	-	-	-	-	372,000	-	372,000
Share issue costs	(6,100)	-	-	-	-	(6,100)	-	(6,100)
<b>Balance at 31 Dec 2005</b>	<b>4,131,062</b>	<b>-</b>	<b>(3,738,458)</b>	<b>-</b>	<b>143,750</b>	<b>536,354</b>	<b>-</b>	<b>536,354</b>
Balance at 1 Jul 2006	4,131,062	-	(4,053,242)	-	143,750	221,570	-	221,570
Gain/(loss) on available-for-sale investments								
Gain on cash flow hedges								
Exchange differences arising on translation of foreign operations								
-Related income tax								
<b>Net income recognised directly in equity</b>	-	-	-	-	-	-	-	-
Transfers (net of any related tax):								
Transfer to profit or loss on cash flow hedges								
Transfer to initial carrying amount of non-financial hedged item on cash flow hedges								
Loss for the period	-	-	(712,065)	-	-	(712,065)	-	(712,065)
<b>Total recognised income and expense</b>	-	-	(712,065)	-	-	(712,065)	-	(712,065)
Recognition of share-based payments								
Issue of shares under share option plan								
Transfer from equity-settled employee benefits reserve					260,000	260,000	-	260,000
Issue of shares	520,000	-	-	-	-	520,000	-	520,000
Share issue costs	(31,200)	-	-	-	-	(31,200)	-	(31,200)
Payment of dividends								
<b>Balance at 31 Dec 2006</b>	<b>4,619,862</b>	<b>-</b>	<b>(4,765,307)</b>	<b>-</b>	<b>403,750</b>	<b>258,305</b>	<b>-</b>	<b>258,305</b>

Notes to the financial statements are included on pages 10 to 12.

## Condensed consolidated cash flow statement for the half-year ended 31 December 2006

	Consolidated	
	Half-year ended 31 Dec 2006 \$	Half-year ended 31 Dec 2005 \$
<b>Cash flows from operating activities</b>		
Receipts from customers	-	-
Payments to suppliers and employees	(350,792)	(395,404)
Interest and other costs of finance (paid)/ received	9,877	17,109
Taxes (paid)/received	8,882	-
<b>Net cash provided by operating activities</b>	<b>(332,033)</b>	<b>(378,295)</b>
<b>Cash flows from investing activities</b>		
Proceeds from repayment of related party loans	-	-
Prepaid costs on business acquisitions	(6,066)	-
Payment for property, plant and equipment	(12,300)	(4,440)
Proceeds from sale of property, plant and equipment	-	-
<b>Net cash used in investing activities</b>	<b>(18,366)</b>	<b>(4,440)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issues of equity securities	520,000	122,000
Payment for share issue costs	(31,200)	(6,100)
Payment for debt issue costs	-	-
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
<b>Net cash used in financing activities</b>	<b>488,800</b>	<b>115,900</b>
Net (decrease)/increase in cash and cash equivalents	138,401	(266,835)
Cash and cash equivalents at the beginning of the period	282,209	914,765
Effects of exchange rate changes on the balance of cash held in foreign currencies	-	-
<b>Cash and cash equivalents at the end of the period</b>	<b>420,610</b>	<b>647,930</b>

Notes to the financial statements are included on pages 10 to 12.

## **Notes to the condensed consolidated financial statements**

### **1. Significant accounting policies**

#### **Basis of preparation of half-year report**

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report for the year ended 30 June 2006 and any public announcements made by Biometrics Limited.

All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2006 annual financial report for the financial year ended 30 June 2006.

### **2. Going concern basis**

The company has recorded a loss for the half year after tax of \$712,065 (2005 : \$317,102) and at 31 December 2006 has working capital of \$258,305. It is noted that the first half results had significant one-off costs in settling matters arising from the prior operations of the business. The financial report has been prepared on the going concern basis which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The directors believe this basis to be appropriate as the company raised net funds of \$488,800 in July 2006 and will be able to raise additional funding as and when required.

### **3. Segment information**

The company previously operated in one business segment namely development of Biometric Technology and its activities were confined to Australia to date. The company is presently examining opportunities in the Healthcare Industry, with any formal change of activities to be subject to shareholder approval.

### **4. Results for the period**

The Company incurred a loss of \$712,065 (2005: loss of \$317,102).

The Company's net asset position was \$258,307 (2005: \$536,354).

The Company's cash inflow was \$138,401 (2005: cash outflow of \$266,835).

The main factors for these results are:

- The reversal of a provision for diminution in investment of \$300,000 in the corresponding period.
- The commencement of due diligence activities and initial infrastructure costs in reviewing opportunities in the healthcare sector in the current period.
- Expensing of options under Share Based Payments Reserve as approved by shareholders at General Meeting on 30 August 2006.
- Capital raising of \$520,000 in July 2006.

### **5. Revisions of accounting estimates**

During the half-year the directors have not reassessed the useful life of any items of plant and equipment.

## 6. Issuances, repurchases and repayments of equity securities

<b>(a) Share Capital</b>	<b>2006</b>	2005	<b>2006</b>	2005
	<b>Shares</b>	Shares	<b>\$</b>	\$
Ordinary shares	<b>50,862,501</b>	46,862,501	<b>4,619,862</b>	4,131,062

### (b) Movement in equity

Date	Details	Notes	Number of shares	Issue price	\$
1 July 2006	Opening Balance		46,862,501		4,131,062
24 July 2006	Issue ordinary shares		4,000,000	\$0.13	520,000
24 July 2006	Capital raising costs		-		(31,200)
31 December 2006	Closing balance		<u>50,862,501</u>		<u>4,619,862</u>

### (c) Option Premium Reserve

	Number	2006	2005
		\$	\$
Option Premium Reserve	33,750,000	403,750	143,750

On 14 November 2003, pursuant to the Company' Prospectus dated 24 September 2003, a total of 28,750,000 options exercisable at \$0.20 on or before 31 December 2007 were issued at \$0.005 each.

On 30 August 2006, as approved by shareholders at the General Meeting dated 30 August 2006, a total of 5,000,000 options exercisable at \$0.20 on or before 31 March 2009 were issued to Directors at \$0.00 each.

As at 31 December 2006, there were 33,750,000 unissued ordinary shares under options as follows:-

	Expiry Date	Exercise Price	No of Options
	31 December 2007	20 cents	28,750,000
	31 March 2009	20 cents	5,000,000

These options are exercisable at any time on or before the expiry date. No option holder has any right under the options to participate in any share issue of the Company. None of the options were exercised during the half year and all remain outstanding at 31 December 2006.

## 7. Intangibles

At 30 June 2006, the company held intangibles comprising intellectual property (BACS), patents and goodwill. These assets had been fully provided for at 30 June 2006, with NIL carrying value. These assets continue to remain on the books, with NIL carrying value at 31 December 2006.

## 8. Dividends

	Half-year ended 31 Dec 2006		Half-year ended 31 Dec 2005	
	Cents per share	Total \$	Cents per share	Total \$
<b>Recognised amounts</b>				
<b>Fully paid ordinary shares</b>				
Final dividend	0.0	-	0.0	-
<b>Unrecognised amounts</b>				
<b>Fully paid ordinary shares</b>				
Interim dividend	0.0	-	0.0	-

**9. Contingencies and commitments**

Contingencies

As a result of a dispute with a supplier, the Company has been issued with a statement of claim for \$22,013. The Company has filed a defence claim disputing any fees owing.

Commitments

Operating Lease

The Company leases office premises under an operating lease expiring in January 2007.

Commitments for minimum lease payments in relation to non-cancellable operating leases contracted for at reporting date but not recognised as liabilities, payable:

Within one year

Total

Half- year ended 31 Dec 2006 \$
4,170
<u>4,170</u>

**10. Acquisition and disposals**

**Incorporation of new subsidiaries**

On 19 July 2006, the company incorporated a 100% controlled subsidiary called Panamlia Pty Ltd, with \$100 share capital.

On 19 July 2006, the company incorporated a 100% controlled subsidiary called Sanamlia Pty Ltd, with \$100 share capital.

**11. Subsequent events**

Except for the matters discussed below, no matters or circumstances have arisen since 31 December 2006 that significantly affected, or may significantly affect:

- (a) the consolidated entity's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the consolidated entity's state of affairs in future financial years.

In February 2007, the Company signed a new operating lease for premises, for a term of 18 months at \$4,770.48 including GST per month.