PreMD Inc.
Form F-3
July 16, 2007
Table of Contents

As filed with the Securities and Exchange Commission on July 16, 2007

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

FORM F-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

PreMD Inc.

(f/k/a IMI International Medical Innovations Inc.)

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Registrant s Name into English)

Canada	**8071**	**98-0542366**
(State or other jurisdiction of incorporation or organization)	***(Primary Standard Industrial Classification Code Number)***	***(IRS Employer Identification No.)***

PreMD Inc.

4211 Yonge Street, Suite 615

Toronto, Ontario M2P 2A9, Canada

(416) 222-3449

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Ronald Hosking

Vice President, Finance and Chief Financial Officer

PreMD Inc.

4211 Yonge Street, Suite 615

Toronto, Ontario M2P 2A9, Canada

(416) 222-3449

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With a copy to:

Neil H. Aronson, Esq.

Theodore M. Grannatt, Esq.

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One Financial Center

Boston, Massachusetts, 02111

(617) 542-6000

Approximate date of commencement of proposed sale to the public: From time to time after this registration statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ¨

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a registration statement pursuant to General Instruction I.C. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. ¨

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.C. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. ¨

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price per Share of Common Stock(2)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee*
Common Stock, no par value per share	4,375,903	$1.17	$5,119,807	$160.00

* Calculated and paid in U.S. dollars.

(1) All of the common stock offered hereby are for the accounts of Selling Stockholders (as defined below in the section titled Prospectus Summary. Pursuant to Rule 416 of the Securities Act of 1933, as amended or the Securities Act, this registration statement also covers any additional common stock which become issuable by reason of any share dividend, share split, recapitalization or any other similar transaction without receipt of consideration which results in an increase in the number of common stock outstanding.

(2) Amount of proposed maximum offering price per unit was calculated in accordance with Rule 457(c) of the Securities Act based on the average of the high and low price traded on the American Stock Exchange on July 10, 2007.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the company shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), shall determine.

Table of Contents

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED July 16, 2007.

PROSPECTUS

PreMD Inc.

4,375,903

SHARES OF COMMON STOCK

OFFERED BY THE SELLING STOCKHOLDERS

The Selling Stockholders, each a Selling Stockholder, (identified below in the section entitled *Selling Stockholders*), named in this prospectus, or their pledgees, donees, transferees or other successors in interest, who will be named in a prospectus supplement, may offer and sell from time to time up to 4,375,903 shares of common stock using this prospectus and any prospectus supplement. The Selling Stockholders acquired their holdings that are being registered hereby in a private transaction that was exempt from the registration requirements of the Securities Act of 1933, as amended, the Securities Act , on March 27, 2007, whereby PreMD Inc. issued 2,917,268 units at a price of $1.33 per unit, each unit consisting of one common share and one half of one common share underlying a warrant, for gross proceeds of $3,879,965 (***all dollar amounts set forth in the registration statement and prospectus are in Canadian dollars except where otherwise indicated***). Each whole warrant is exercisable at a price of $1.66 per share for a period of three years from the closing date. This registration statement is registering both the shares of common stock received in the March 27, 2007 private placement and the common stock underlying the warrants.

The Selling Stockholders may offer and sell the shares held by them directly or through agents, underwriters or broker-dealers at prices and on terms to be determined at the time of sale. These sales may be made on the American Stock Exchange or other exchanges on which our common stock is then traded, in the over-the-counter market, or in negotiated transactions. See the section entitled *Plan of Distribution* on page 19 of this prospectus. To the extent required, the names of any agent, underwriter or broker-dealer and applicable commissions or discounts and any other required information with respect to any particular offer will be set forth in a prospectus supplement, which will accompany this prospectus. A prospectus supplement may also add, update or change information contained in this prospectus.

We will not receive any of the proceeds from any sale of common stock by the Selling Stockholders, or by their respective pledgees, donees, transferees or other successors in interest.

Our common stock is quoted on the American Stock Exchange or the AMEX under the symbol PME and on the Toronto Stock Exchange or the TSX under the symbol PMD. On July 10, 2007, the last reported sale price of our common stock on the AMEX was USD $1.17 per share.

Investing in our common stock involves risks. See *RISK FACTORS* on page 6.

Neither the Securities and Exchange Commission nor any state securities commission has approved

or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus.

Any representation to the contrary is a criminal offense.

This prospectus may not be used to consummate sales of securities unless it is accompanied by a prospectus supplement.

THE DATE OF THIS PROSPECTUS IS , 2007.

Table of Contents

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with additional or different information. We are not making an offer of these securities in any jurisdiction or state where the offer is not permitted. You should not assume that the information in this prospectus is accurate as of any date other than the date on the cover of this prospectus.

TABLE OF CONTENTS

Table of Contents

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement we filed with the Securities Exchange Commission, the SEC , using a shelf registration process. Under the shelf registration process, the Selling Stockholders named in this prospectus may, from time to time, sell the securities described in this prospectus in one or more offerings. This prospectus provides you with a general description of the securities that may be offered by the Selling Stockholders. Any prospectus supplement may also add, update, or change information in this prospectus. If there is any inconsistency between the information contained in this prospectus and any prospectus supplement, you should rely on the information contained in that particular prospectus supplement. This prospectus does not contain all the information provided in the registration statement we filed with the SEC. For further information about PreMD or the securities offered hereby, you should refer to that registration statement, which you can obtain from the SEC as described in the section entitled *Where You Can Find Additional Information* on page 25 of this prospectus. You should read both this prospectus and any prospectus supplement, together with all additional information described in the sections entitled *Where You Can Find Additional Information* and *Incorporation of Documents by Reference* on page 25 of this prospectus.

Table of Contents

PROSPECTUS SUMMARY

The following is only a summary. We urge you to read the entire prospectus, including the more detailed financial statements, notes to the financial statements and other information incorporated by reference from our other filings with the SEC. An investment in our securities involves risks. Therefore, carefully consider the information provided under the heading Risk Factors beginning on page 6.

Our Business

Overview

Unless the context otherwise requires, PreMD Inc. and its consolidated subsidiaries are referred to throughout this prospectus as the PreMD, we, us, our, the Corporation, and the Company . PreMD is a predictive medicine company dedicated to improving health outcomes with non- or minimally invasive tools for the early detection of life-threatening diseases, particularly cardiovascular disease and cancer. PreMD s products are designed to identify those patients at risk for disease. With early detection, cardiovascular disease and cancer can be more effectively treated, or perhaps even prevented altogether. preMD is developing easy-to-use, accurate and cost-effective tests designed for use right at the point of care, in the doctor s office, at the pharmacy, and eventually, in some cases, right at home.

PreMD s current pipeline of products includes:

- Coronary Artery Disease Risk Assessment Technology[1]
  - PREVU* Point of Care (POC) Skin Cholesterol Test, which is cleared for sale in Canada, U.S. (CLIA-exempt) and CE-marked in Europe
  - PREVU* LT Skin Cholesterol Test (lab-processed format), which is cleared for sale in Canada, CE marked in Europe and will be under review by the FDA in the US.
  - PREVU* PT Skin Cholesterol Test (home, or more user friendly format), currently in development
- Cancer Technologies
  - ColorectAlert, currently in clinical studies
  - LungAlert, currently in clinical studies
  - Breast cancer test, currently in clinical studies

Key Relationships

Strategic Relationship: McNeil Consumer Healthcare

On May 10, 2002, PreMD entered into an agreement, as amended on December 20, 2002 and December 9, 2005, with McNeil, to market and distribute PREVU*, PreMD s test for coronary artery disease, in Canada, and for the insurance laboratory field in the United States and Mexico. The amended agreement provided McNeil with exclusive rights, in these fields and territories, to the skin cholesterol test system and the future version for consumer use. The term of the agreement was 15 years and required McNeil to purchase PREVU* and to pay ongoing royalties to

PreMD on sales, in addition to a series of financial milestone payments of up to $3.3 million which were based on McNeil s achievement of specified annual sales levels of the licensed products.

On May 28, 2004, PreMD completed an exclusive worldwide licensing agreement, as amended on December 9, 2005, with McNeil to sell PreMD s skin cholesterol tests under the brand name PREVU* Skin Sterol Test, expanding on the previous agreement.

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[1] *PREVU* POC was formerly known as Cholesterol 1,2,3*

Table of Contents

On December 28, 2006, the agreements with McNeil were terminated and all sales and marketing rights reverted back to PreMD. The balance of the deferred revenue, which had been received as an up-front payment, of $2,297,400 was recorded as license revenue in 2006. In addition, PreMD received additional license revenue of $221,000 related to annual minimum sales levels and purchased other assets from McNeil for $221,000, including the PREVU* trademark for $150,000.

PreMD is currently pursuing several options to market the PREVU* skin cholesterol test, including direct sales in certain markets, marketing licenses to multinational healthcare companies and distribution agreements in specific marketing territories.

Research Agreement: ColorectAlert

Pursuant to agreements, the ColorectAlert License Agreements , dated March 27, 1998, May 1, 1998, and October 23, 2001 between PreMD and Dr. A.K.M. Shamsuddin, PreMD acquired a license, including the three existing United States and Japanese patents, for a technology that detects a carbohydrate marker associated with cancerous and pre-cancerous conditions, ColorectAlert. Pursuant to the terms of the agreements, PreMD is required to make payments upon achieving certain research and development milestones as well as royalty payments based on revenues from sales of this technology. As at December 31, 2006, PreMD had made milestone payments under the ColorectAlert License Agreements of approximately $328,000. Future milestone payments, upon completion of specific milestones, could amount to as much as $120,000. In addition, PreMD granted warrants to Dr. Shamsuddin to purchase up to 100,000 common shares at exercise prices ranging from $3.50 to $4.50 per share. These warrants expired unexercised on October 19, 2006, and the fair value of $197,000 was reclassified from warrants to contributed surplus.

Subsequent to the year end, on January 5, 2007, PreMD settled litigation relating to the ColorectAlert License Agreements. Under the terms of the settlement with Dr. Shamsuddin and Med-11 AG, PreMD agreed to pay $175,000 to Med-11 and amended the agreements to replace Dr. Shamsuddin with Med-11 as the licensor. This amount was expensed in 2006 as general and administration expense. The amendment also reduced the royalty payable by PreMD from 10% to 7.5% on its revenues from products utilizing the patents and eliminated all future milestone payments that PreMD may have been required to pay under the initial agreements.

Convertible Debenture Financing

On August 30, 2005, PreMD completed a private placement financing of convertible debentures, maturing on August 30, 2009, for gross proceeds of $9,828,000 (US$8,210,000) less issue fees and expenses of $913,000 (resulting in net proceeds of $8,915,000). The unsecured debentures bear interest at an annual rate of 7% (effective rate of 12.75% on the liability component) payable quarterly in cash or common shares at PreMD s option. The number of common shares issuable in satisfaction of interest payments is dependent on the trading price of common shares at the time of the applicable interest date. The debentures are convertible into common shares at any time during the term, at the option of the holder, at $3.47 per share (subject to adjustment). If all the debentures were converted to common shares, it would result in the issuance of an additional 2,882,195 common shares. Purchasers of the convertible debentures also received warrants to purchase 1,288,970 common shares at any time before August 30, 2010 at an exercise price of $3.57 per common share (subject to adjustment). At any time after one year from the date of issuance of the warrants, the warrants may also be exercised by means of a cashless exercise by the holder. On August 25, 2006, $475,441 (US $430,000) of the debentures were converted into 150,877 common shares of PreMD, which resulted in a reclassification of $357,304 of the liability, $140,137 of the equity component of the convertible debentures and $22,000 of the deferred financing fees to share capital.

Under Canadian GAAP, the convertible debentures are bifurcated into separate liability, equity and warrant components, net of pro rata issue fees and expenses, as described in note 5 to the December 31, 2006 consolidated financial statements.

Table of Contents

Under U.S. GAAP, the conversion feature of the convertible debentures is recorded on the consolidated balance sheet as a derivative liability with subsequent changes in value recorded through earnings, as described in note 10 to the consolidated financial statements.

March 2007 Private Placement

On March 27, 2007, PreMD completed a private placement for gross proceeds of $3,879,965. Under the terms of the private placement, PreMD issued 2,917,268 units at a price of $1.33 per unit, each unit consisting of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable at a price of $1.66 per share for a period of three years from the closing date. The proceeds from the private placement are to be used for general corporate purposes.

The placement occurred with Midsummer Investment, Ltd. and several additional institutional investors. The common shares issued at closing and the shares issuable upon exercise of the warrants are subject to a Canadian statutory hold period of four months and a day after the closing date. In addition, the common shares issued at closing and the shares issuable upon exercise of the warrants were not registered with the SEC or the securities commission of any state, in reliance upon one or more exemptions from the securities registration requirements pursuant to the Securities Act and the U.S. state securities laws. In connection with the placement PreMD has agreed to prepare, and use its commercially reasonable best efforts to file with the SEC, on or before the date which is 120 days after the closing date of the transaction, a registration statement covering the resale of all of the common shares issuable at closing and the common shares issuable upon exercise of the warrants, the Registrable Securities .

PreMD has agreed to use its commercially reasonable best efforts to cause the registration statement to be declared effective under the Securities Act as promptly as possible after the filing of the registration statement, and will use its commercially reasonable best efforts to keep the registration statement continuously effective under the Securities Act until all Registrable Securities have been sold or may be sold without volume restrictions pursuant to Rule 144(k). PreMD is subject to material penalties if it is unable to fulfill these registration obligations.

Business Strategy

Identify and Target Significant Markets with Unmet Needs

PreMD focuses its efforts on medical conditions where there is a well-defined global need and demand for tests to detect serious or life-threatening diseases. PreMD s products address cardiovascular disease (CVD) and cancer, diseases where early detection, intervention and ongoing monitoring can significantly improve patient outcomes. CVD claims the lives of 17 million people worldwide each year, and has no geographic, gender or socio-economic boundaries *(World Health Organization World Health Report, 2004)*. Colorectal, lung and breast cancers combined kill approximately 2 million people annually worldwide *(Globocan 2002, Cancer Incidence, Mortality and Prevalence Worldwide. International Association for Cancer Research (IARC), Cancer Base No. 5, Version 2.0, IARCPress, Lyon, 2004).*

Ensure a Multiple Product Pipeline

PreMD pursues sustained development by building and maintaining a portfolio of products at different stages, which helps to mitigate risk while enhancing opportunities to generate value for stakeholders. PreMD continuously assesses other possible applications of its technologies. In addition, PreMD continues to seek out and evaluate new, proprietary technologies that have undergone initial proof-of-principle tests and that offer clear cost/benefit trade-offs to products currently available. After identifying and evaluating an appropriate technology, PreMD purchases or in-licenses the related patents and know-how, completes the development of prototypes and defines the manufacturing protocols. Where appropriate, PreMD conducts clinical trials to obtain regulatory approval and registers the product for sale.

Table of Contents

PreMD invests substantially all of its funds in product and clinical development, as opposed to basic research. By investing in this phase of development, management of PreMD believes that it can add value for its shareholders and avoid the more expensive, riskier research stage of the product development cycle.

Pursue a Strong Clinical Program

PreMD maintains a strong clinical program. PreMD s objectives are to advance product development and to build a critical mass of data to support new regulatory claims and indications for use. PreMD s clinical program, along with the publications and presentations it generates, enhances the scientific validation and credibility of PreMD s products. In turn, this validation improves strategic partnering opportunities and helps to expand the potential commercial market for PreMD s tests.

Pursue Strategic Relationships

PreMD pursues a strategy of building collaborative relationships with leading companies to conduct clinical trials and to assist with the development of its products. PreMD also seeks, at the appropriate time, to out-license its products to major diagnostic, pharmaceutical or consumer goods companies, which could be responsible for any or all of the related marketing, sales, manufacturing and distribution. Such out-licenses could include research and development support, upfront and milestone payments and an ongoing royalty interest on the sales of these products. This strategy allows PreMD to minimize the expenses and risks of commercialization. In addition, through these relationships, PreMD gains the benefit of others expertise, which enhances the ability of PreMD to pursue multiple product opportunities.

Establish and Maintain Strong Intellectual Property Portfolio

Patents and other proprietary rights are essential to PreMD s business. PreMD continuously seeks to file patent applications to protect technology, inventions and improvements to technology or inventions that are considered important. Such applications may cover composition of matter, the production of active ingredients and their novel applications. PreMD has acquired, by license or assignment, rights to patents and applications filed in Canada, the U.S. and internationally. PreMD also relies upon trade secrets, non-patented proprietary know-how and continuing technological innovation to develop and maintain its competitive position.

PreMD currently owns patents for technology for coronary artery disease, CAD, risk assessment that measures skin tissue cholesterol to help determine an individual s risk of CAD, and has acquired a license to technologies used to detect the presence of a marker intended for use in colorectal, lung and other cancers. In addition, PreMD has patents pending for color measurement in biological reactions and skin striping for cholesterol measurement. PreMD believes that these innovative technologies will fulfil market needs through their ease-of-use and by contributing to cost-effective patient health management.

Leverage Management s Scientific, Product Development and Commercialization Expertise

PreMD is led by an experienced group of individuals with significant industry expertise in the areas of research, regulatory affairs, new product launches, sales and marketing, and finance.

Dividend Policy

To date PreMD has not declared any dividends on its shares. The Board of Directors of PreMD does not currently anticipate paying any dividends on its common stock in the foreseeable future but intends to retain earnings to finance the growth and development of the business of PreMD. Any future determination to pay dividends will be at the discretion of the Board of Directors of PreMD and will depend upon PreMD s financial condition, results of operations, capital requirements and such other factors as the Board of Directors of PreMD deems relevant.

Table of Contents

RISK FACTORS

You should consider each of the following factors as well as other information in and incorporated into this registration statement in evaluating PreMD s business and its prospects. The risks and uncertainties described below are not the only ones PreMD faces. Additional risks and uncertainties not presently known to PreMD or that PreMD currently considers immaterial may also impair PreMD s business operations. If any of the following risks actually occur, PreMD s business and financial results could be harmed and the trading price of PreMD s common stock could decline. You should also refer to the other information set forth in and incorporated into this prospectus from PreMD s Annual Report on Form 20-F, including PreMD s consolidated financial statements and the related notes.

Risks Related to PreMD s Business

PreMD has limited or no experience in marketing products. If PreMD cannot successfully market and cause acceptance of its products, PreMD will be unable to execute its business plan.

PreMD has limited or no experience in marketing its products and has developed a strategy to out-license the marketing to one or more partners, such as major diagnostic or pharmaceutical companies. On December 28, 2006, the exclusive marketing and distribution rights to PREVU* reverted back to PreMD as a result of McNeil Consumer Healthcare s, termination of their agreements with PreMD. As a result, PreMD plans to market some of its products directly and to continue to develop partnerships. PreMD may not be able to market its own products and if PreMD relies on third parties to market its products, the commercial success of such products may be outside of its control.

Moreover, there can be no assurance that providers, payers or patients will accept PreMD s products, even if they prove to be safe and effective and are allowed for marketing by the HPB, the FDA and other regulatory authorities. PreMD s ability to achieve significant market share for each of its products could be affected by reimbursement difficulties with government agencies and third-party insurers, which could hamper the speed with which PreMD s products are adopted by the medical community and by the public. Market penetration of PreMD s products will be influenced by factors including the cost-effectiveness and the overall economic benefits that they offer.

If PreMD is unable to generate significant revenues and become profitable in the near future, its business could fail.

To date, PreMD has not generated significant ongoing revenues to offset its research and development costs and operating costs and accordingly has not made an operating profit. PreMD has historically benefited from the inclusion of Canadian federal and provincial refundable scientific investment tax credits, ITCs, in its annual operating results. To date, PreMD has received $2,075,000 in ITCs. ITCs are tax credits that PreMD receives from the Canadian federal and provincial governments as a result of conducting applied scientific research in Canada. There can be no assurance that ITCs will continue to be available to PreMD or, if so, at what levels.

In May 2004, PreMD licensed the worldwide marketing and distribution rights for its skin cholesterol tests to McNeil. In 2006, PreMD recorded $7,000 in sales of PREVU* to McNeil prior to the termination of the agreement on December 28, 2006. Although PreMD anticipates finding new marketing partners for the PREVU* product line in 2007, there is no assurance that sales and license revenues from such agreements will be sufficient to generate a profit for PreMD in the near future.

PreMD s success depends in part on obtaining and maintaining meaningful patent protection on our products and technologies.

PreMD may not have sufficient protection for its intellectual property through its current portfolio of patents. The protection offered by PreMD s patents and patent applications may be challenged, invalidated or circumvented by our competitors, and there is no guarantee that we will be able to obtain or maintain patent

Table of Contents

protection for our products or product candidates. In addition, PreMD s petition to reinstate two of its U.S. patents was denied by the U.S. PTO and, accordingly, we could face additional competition from companies seeking to exploit the intellectual property that was previously covered by these patents.

In August 2004, PreMD learned that two of its U.S. patents had been listed as abandoned by the United States Patent and Trademark Office, the U.S. PTO , for failure to pay maintenance fees. The failure to pay these maintenance fees occurred when the files were transferred between U.S. and Canadian patent agents. PreMD filed a petition for reinstatement of the patents. In response to this petition, in February 2005 the U.S. PTO identified specific items that PreMD should address, specifically regarding the credentials and procedures of PreMD s patent agents and their performance of clerical functions related to the payment of the maintenance fees. In June 2005, PreMD filed a request for consideration.

On December 23, 2005, the U.S. PTO notified PreMD of its decision not to reinstate the two patents. In February 2006, PreMD filed a request for reconsideration with the U.S. PTO which was subsequently denied. PreMD has authorized legal action against the law firm that was responsible for managing its patent portfolio at the time when the maintenance fees for the two patents in question should have been paid. The U.S. PTO found that the patents lapsed as a result of the law firm s failure to use its established docketing procedures regarding payment of the maintenance fees. No resolution has been reached regarding this maintenance fees error and even if there is a resolution, there is no assurance that PreMD will benefit from any resolution that may occur.

The two patents in question are in force in all other jurisdictions. In the U.S., PreMD has an additional two patents in force covering other aspects of the technology as well as two patents pending. Although management believes that it would be difficult for a competitor to develop a similar product, there can be no assurance that others will not independently develop a similar product.

PreMD may be required to obtain licenses under patents or other proprietary rights of third parties. No assurance can be given that any licenses required under any such patents or proprietary rights will be available on terms acceptable to PreMD or that such licenses will be available at all.

If PreMD does not obtain such licenses, it could encounter delays in introducing one or more of its products to the market while it attempts to design around such patents, if PreMD is unable to design around such patents it could find that the development, manufacture or sale of products requiring such licenses may be foreclosed. In addition, PreMD could incur substantial costs in defending itself in suits brought against it on such patents or in suits in which PreMD attempts to enforce its own patents against other parties. Furthermore, PreMD could be liable for damages or an accounting of profits if it were unsuccessful in defending itself in a suit for infringement of a patent.

Subsequent to the year end, on January 5, 2007, PreMD settled litigation relating to the ColorectAlert License Agreements. Under the terms of the settlement with Dr. Shamsuddin and Med-11 AG, PreMD agreed to pay $175,000 to Med-11 AG, Med-11 , and amended the agreements to replace Dr. Shamsuddin with Med-11 as the licensor. The amendment also reduced the royalty payable by PreMD from 10% to 7.5% on its revenues from products utilizing the patents and eliminated all future milestone payments that PreMD may have been required to pay under the initial agreements. There is no assurance that litigation similar to this will not arise from time to time, thereby distracting management and causing PreMD to incur costs and time on items not related to PreMD s business plan.

PreMD relies on third parties to manufacture some of its products and any delay, volume constraints, or mistakes on the part of such manufacturers could result in cancelled orders and a loss of revenues for PreMD.

PreMD relies on third parties to manufacture and formulate some of its products for clinical trials and for eventual commercial sale. Currently, PreMD s skin cholesterol products are manufactured by Diagnostic Chemicals Limited, DCL, Southmedic Inc. and Jabil Circuit, Inc., while X-Rite, Inc. supplied the corded color

Table of Contents

measurement instrument used in connection with the tests. While the history is limited, to date, PreMD has not experienced any material problems, such as disruptions of supply, with these manufacturers. PreMD s other products, relating to its cancer technologies, are all manufactured (for clinical trial purposes) by PreMD itself in its laboratory located at McMaster University.

The ability to ensure a continued supply of products on a timely basis is not entirely within PreMD s control. If PreMD cannot obtain materials in a timely fashion, the progress of its clinical trials and product sales will be negatively affected.

If PreMD cannot obtain additional financing required to support business growth, it will be unable to fund its continuing operations in the future.

Management believes that, based on historic cash expenditures and the current expectation of further revenues from product sales and/or royalties, PreMD s existing cash resources together with the ITCs receivable of $200,000 will be sufficient to meet its current operating and capital requirements through at least 2008.

However, PreMD s future capital requirements will depend on many factors, including revenue from the successful commercial launch of its products, continued progress in diagnostic development programs, pre-clinical and clinical evaluation, time and expense associated with regulatory filings, prosecuting and enforcing its patent claims, and costs associated with obtaining regulatory approvals. If additional financing is required, PreMD will consider out-licensing its products under collaborative research and development arrangements, and additional public or private financing (including the issuance of additional equity securities) to fund all or a part of particular programs. There can be no assurance that additional funding will be available or, if available, that it will be available on acceptable terms. If such funding is not available, PreMD may be forced to reduce or eliminate expenditures relating to specific programs relating to the development, testing, production or marketing of its proposed products, or may have to obtain funds through arrangements with corporate partners that require PreMD to relinquish rights to certain of its technologies or products. PreMD may not be able to raise additional capital if its capital resources are exhausted.

PreMD faces potential risks of product liability which may divert funding from ongoing operations and harm operating results.

The sale and use of products under development by PreMD entails risk of product liability. PreMD has also agreed to indemnify numerous clinical trial sites, including The Cleveland Clinic Foundation, St. Michael s Hospital, St. Paul s Hospital, St. Joseph s Hospital, The Hamilton General Hospital, University of California, University Health Network (Princess Margaret Hospital), Hamilton Health Sciences Corporation, University of Wisconsin Medical School, Johns Hopkins University Medical Center, and AtheroGenics, Inc. (as well as under the previous agreements with McNeil) under their respective clinical trial and/or marketing agreements for such liability.

PreMD maintains product liability insurance relating to the clinical trials that it conducts on its technologies, and believes that such insurance would be reasonably adequate to cover any torts claims that may arise against PreMD at present. Upon commercialization of its products, PreMD will expand its insurance coverage to include the commercial sale of PreMD s products in the relevant territories. In addition, PreMD maintains property, commercial general liability and tenant s legal liability insurance.

As PreMD expands, there can be no assurance that it will be able to obtain appropriate levels of product liability insurance prior to any use of its products in clinical trials or for commercial sale. An inability to maintain insurance on economically feasible terms or to otherwise protect against potential product liability claims could inhibit or prevent the commercialization of products developed by PreMD. The obligation to pay any product liability claim, or finance the costs of a recall of a product, could have a material adverse effect on the business, financial condition and future prospects of PreMD.

Table of Contents

If PreMD is unable to acquire future technology necessary for its products, it may be unable to commercialize new products.

PreMD s business depends on its ability to identify or negotiate the acquisition of or licenses for future technologies. For example, PreMD s cancer technologies are the subject of licenses to use the technologies. PreMD may not be able to continue to successfully identify, acquire or license technologies in the future to add to its pipeline of products.

The loss of any key employee could impair PreMD s ability to execute its business plan.

PreMD s ability to develop products will depend, to a great extent, on its ability to attract and retain highly qualified personnel. Competition for such personnel is intense. PreMD is highly dependent on the principal members of its management and scientific staff and the loss of their services might impede the development objectives. The persons working with PreMD are affected by a number of influences outside of the control of PreMD. The loss of key employees may affect the speed and success of product development.

To date, PreMD has not experienced high rates of employee turnover. As an example, PreMD s President and Chief Executive Officer, Executive Vice President of Clinical and Regulatory Affairs, Vice President Finance and Chief Financial Officer, and Vice President, Corporate Development, have been employed by PreMD for 14, 10, nine and seven years, respectively. While PreMD believes that it has been successful to date in employee retention, PreMD may not be able to continue to attract and keep key employees.

PreMD is exposed to financial market risks such as interest rates and foreign exchange fluctuations.

PreMD is exposed to market risk related to changes in interest and foreign currency exchange rates, each of which could adversely affect the value of our current assets and liabilities. Its cash is invested in short-term, high-grade securities with varying maturities. Since PreMD s intention is to hold these securities to maturity, adverse changes in interest rates would not have a material effect on PreMD s results of operations.

PreMD also makes commitments with foreign suppliers for clinical trials and other services. Adverse changes in foreign exchange rates could increase the costs of these services.

Changes in foreign exchange could also affect our ability to repay the convertible debentures since they are repayable in U.S. dollars on maturity in August 2009.

Investors may encounter difficulties in enforcing civil liabilities against PreMD in the United States.

PreMD is a Canadian corporation and a subsidiary, PreMD International Inc. (Switzerland), is a Swiss corporation. Substantially all of the assets of PreMD or its subsidiaries are located in either Canada or in Switzerland and similarly, all of the executive officers, a majority of the directors of PreMD and a majority of the experts named in the annual report on Form 20-F, filed on June 21, 2007, also reside in Canada. As a result, it may be difficult for an investor to effect service of process within the United States upon PreMD or its subsidiary, or upon such directors, executive officers and experts. Execution by U.S. courts of any judgment obtained against PreMD, its subsidiary, or its directors or executive officers or the experts named in this Annual Report in U.S. courts would be limited to the assets of PreMD or of such persons, as the case may be, in the United States. There is doubt as to the enforceability in Canada or in Switzerland of U.S. judgments or liabilities in original actions in Canadian or Swiss courts predicated solely upon the civil liability provisions of the federal securities laws of the United States.

Table of Contents

Risks Related to PreMD s Industry

Intense competition in the diagnostics industry may harm PreMD s ability to license and develop its products.

Technological competition in the diagnostics industry is intense. PreMD competes with other companies to license and develop products aimed at diagnosing similar conditions. Many of these companies have substantially greater resources than PreMD. PreMD may not be able to continue to license the technology that it needs to stay competitive. Further, technological developments by others may render PreMD s products or technologies non-competitive.

Any inability by PreMD to develop its products and comply with government regulations may hinder or prevent the development and sale of PreMD s products.

Prospects for emerging companies in the human diagnostics industry generally may be regarded as uncertain given the inherent nature of the industry and, accordingly, investments in such companies should be regarded as speculative. To achieve profitable operations, PreMD, alone or with others, must successfully develop, introduce, secure regulatory clearance for, and market its products. As at the date hereof, only PREVU* POC has received regulatory clearance from the FDA and HPB and is CE marked in Europe.

Securing regulatory clearances for the marketing of diagnostics products from the HPB in Canada and the FDA in the U.S. can be a long and expensive process, which can delay product development. In this regard, PreMD has identified a U.S.-based regulatory affairs consultant to advise PreMD on its regulatory applications. In order to obtain regulatory approval for a particular product, human clinical trials conducted by PreMD must demonstrate that the product is safe for human use and shows efficacy. Unsatisfactory results obtained from a particular study relating to a program may cause PreMD to abandon its commitment to that program. No assurances can be provided that any future human trials, if undertaken, will yield favorable results or that regulatory approval will be granted at all. In addition, if PreMD obtains regulatory approval for a product it may only be for limited applications, thereby hindering PreMD s ability to widely market a product. Such events would have a material adverse effect on PreMD s sales and profitability.

PreMD may not be able to obtain reimbursement for its products as governments attempt to control rising healthcare costs.

Reimbursement for new products has come under scrutiny in an effort to control rising health care costs. In addition to research into a product s safety and efficacy, research must also be carried out to demonstrate cost-effectiveness for reimbursement purposes. This information is required for either government (Canada or E.U.) or third-party insurer purposes (U.S.). Failure to achieve enlistment in reimbursement schedules can have a dramatic impact on a product s market penetration in the professional or laboratory market.

Recent policy initiatives in both the U.S. and Canada have advocated broader screening for the risk of cardiovascular disease and cancer. As a result, medical devices for screening and/or risk assessment for these types of disease may face an increased market potential. PreMD may need to develop economic studies to demonstrate the cost-effectiveness of its products in identifying the risk of disease at an earlier stage.

Risks Related to PreMD s Common Stock

PreMD s performance and general market volatility may cause the price of the common shares to decrease.

The volatility of PreMD s share price may affect the trading market for PreMD s common shares. There can be no assurance that an active trading market for the common shares will be sustained. Our share price could fluctuate significantly in the future for a number of reasons, including, among others, future announcements concerning PreMD, quarterly variations in operating results, the introduction of competitive products, reports of results of clinical trials, regulatory developments, and intellectual property developments.

Table of Contents

In addition, stock markets, in general, and the market for shares of biotechnology and life science companies, in particular, have experienced extreme price and volume fluctuations in recent years that may be unrelated to the operating performance or prospects of the affected companies. These broad market fluctuations may affect the market price of PreMD s common shares.

The common shares are speculative securities. If PreMD performs poorly in the marketing, manufacturing or sales of its products or in other areas of its business as highlighted in this section, it may cause the market price of the common shares to decline. In addition, there can be no assurance that an active trading market for the common shares will be sustained or that the trading price of the common shares will not be subject to significant fluctuations. Accordingly, an investment should be considered only by those investors who are able to make a long-term investment and can afford to suffer a total loss of their investment in the common shares. An investor should consider the merits of an investment in the common shares and should consult professional advisers to assess income tax, legal and other aspects of such an investment.

PreMD does not currently meet, and may not be able to regain compliance with, the continued listing standards of the American Stock Exchange (the AMEX). Being delisted from the AMEX could have an impact on PreMD s ability to conduct a financing.

PreMD was notified in April 2007 that it was below certain of the AMEX s continuing listing standards. PreMD does not meet the AMEX requirements of Sections 1003 (a)(i) of the AMEX Company Guide for PreMD s failure to maintain shareholders equity of lat least US $2,000,000 and for experiencing losses from continuing operations and/or net losses in two out of its three most recent fiscal years; section 1003(a)(ii) of the AMEX Company Guide with shareholders equity of less than US $4,000,000 and losses from continuing operations and/or net losses in three out of its four most recent fiscal years; and section 1003(a)(iii) of the AMEX Company Guide with shareholders equity of less than US $6,000,000 and losses from continuing operations and/or net losses in its five most recent fiscal years. PreMD submitted a plan for regaining compliance with the AMEX continued listing standards on May 18, 2007.

PreMD received notice on June 15, 2007 that the AMEX had accepted its plan to regain compliance with the continued listing standards, and that PreMD s listing will be continued pursuant to an extension. PreMD will be subject to periodic review by the AMEX Staff during the extension period, which ends on October 24, 2008. Failure to make progress consistent with the plan or to regain compliance with the continued listing standards by the end of the extension period could result in PreMD being delisted from the AMEX.

PreMD s continued listing is contingent on its continuation to provide the AMEX Staff with updates in conjunction with the initiatives of its plan, as appropriate or upon request, but no later than at each quarter completion concurrent with PreMD s appropriate filing with the Securities and Exchange Commission. In addition, the AMEX Staff will review PreMD periodically for compliance with its plan and progress consistent with its plan.

PreMD does not anticipate paying dividends on its common shares, which may affect investors who require a certain amount of liquidity on their investment.

PreMD does not intend to pay dividends on its common shares in the foreseeable future, and thus the only return on an investment in the common shares will come from an increase, if any, in the price of the common shares. Investors who require dividend income should not depend on or expect to receive dividends on the common shares.

Table of Contents

NOTE REGARDING FORWARD-LOOKING STATEMENTS

The Securities and Exchange Commission encourages companies to disclose forward-looking information so that investors can better understand a company s future prospects and make informed investment decisions. This prospectus contains such forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Also, PreMD s management may make forward-looking statements orally or in writing to investors, analysts, the media and others. Forward-looking statements express our expectations or predictions of future events or results. They are not guarantees and are subject to many risks and uncertainties. There are a number of factors that could cause actual events or results to be significantly different from those described in the forward-looking statements. Forward-looking statements might include one or more of the following:

- anticipated strategic alliances or arrangements with development or marketing partners;
- anticipated research and product development results;
- projected development and commercialization timelines;
- descriptions of plans or objectives of management for future operations, products or services;
- anticipated financing activities;
- forecasts of future economic performance; and
- descriptions or assumptions underlying or relating to any of the above items.

Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts or events. They use words such as anticipate, estimate, expect, project, intend, opportunity, plan, potential, believe or words of similar meaning. They may such as will, would, should, could or may . Although we believe that the expectations reflected in the forward-looking statements are reasona we cannot guarantee future results, levels of activity, performance or achievements. Moreover, we do not assume responsibility for the accuracy and completeness of such statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements, which speak only as of the date of this prospectus. You should carefully consider that information before you make an investment decision. You should review carefully the risks and uncertainties identified in this prospectus and the reports incorporated herein.

We are not under any obligation, and expressly disclaims any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. All subsequent forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

Table of Contents

USE OF PROCEEDS

The shares of our common stock being offered by this prospectus are solely for the accounts of the Selling Stockholders. We will not receive any proceeds from the sale of these shares of our common stock by the Selling Stockholders. The Selling Stockholder will pay brokerage fees, selling commission and underwriting discounts, if any, incurred in connection with disposing of the shares pursuant to this prospectus.

To the extent the Selling Stockholders exercise the warrants acquired in the March 27, 2007 private placement, which are exercisable at $1.66 per share and comprise 1,458,635 shares, in cash rather than through the net-exercise provision set forth in those warrants, PreMD would receive approximately $2,421,334.

Table of Contents

SELLING STOCKHOLDERS

The following table sets forth certain information regarding the holdings to be registered of each of our Selling Stockholders or as use throughout this registration statement and prospectus the Selling Stockholders. We are registering the common stock and the common stock underlying the warrants in connection with the March 27, 2007 private placement discussed above.

Information concerning the Selling Stockholders may change from time to time and, to the extent required, will be set forth in supplements or amendments to this prospectus. As of June 30, 2007, PreMD had 24,993,329 shares of common stock outstanding.

Name	Shares of Common Stock Beneficially Owned Prior to the Offering*** Number of Shares(1)**	Percent (%)	Shares of Common Stock Offered Hereby Number of Shares(2)**	Shares of Common Stock Beneficially Owned Following the Offering(3) Number of Shares(1)	Percent (%)
Midsummer Investment, Ltd. 295 Madison Ave. 38th Floor New York, NY 10017	5,894,962(4)	20.4	2,918,798	2,976,164	10.3
Myron Hyman Jr. 745 Delaware Road Buffalo, NY 14223	651,312(5)	2.6	120,000	531,312	2.1
TCMP3 Partners 7 Century Drive, Ste. 201 Parsippany, N.J. 07054	434,695(6)	1.7	260,445	174,250	*
Neal I. Goldman 320 Park Avenue 10th floor New York, NY 10022	375,000(7)	1.5	375,000		*
Fonds d Arbitrage Amethyst Crystalline Management Inc. 1002 Sherbrooke St. W., Ste. 2110 Montreal, Quebec, H3A 3L6	282,459(8)	1.1	206,250	76,209	*
Fonds d Arbitrage Amethyst (Class B) Crystalline Management Inc.	169,500(9)	*	169,500		*

1002 Sherbrooke St. W., Ste. 2110 Montreal, Quebec, H3A 3L6					
Insiders Trend Fund LP Monarch Capital Group LLC 500 5th Ave., Ste. 2240 New York, New York, 10110	130,329(10)	*	130,329		*
Estate of Beatrice Feldman c/o Monarch Capital Group LLC 500 5th Ave., Ste. 2240 New York, New York, 10110	84,774(12)	*	84,774		*
Leo Mindel Non GST Exempt Family Trust II Monarch Capital Group LLC 500 5th Ave., Ste. 2240 New York, New York, 10110	65,159(13)	*	65,159		*
Richard Feldman IRA c/o Monarch Capital Group LLC 500 5th Ave., Ste. 2240 New York, New York, 10110	71,048(14)	*	45,648	25,400	*

* Less than 1%

** The convertible debentures and the warrants discussed herein, convertible into PreMD s common stock, all contain a limitation on the conversion or exercise such that the holders can not beneficially own in excess of 4.99% of the number

Table of Contents

of shares of common stock outstanding immediately after giving effect to such conversion or exercise, this provision can be waived at the request of the holder under certain circumstances.

*** This information was obtained from PreMD s records and from the Selling Stockholders through the use of questionnaires and direct contact and is presumed to be correct as of July 13, 2007.

(1) Beneficial ownership of common stock is determined in accordance with the rules of the SEC, and includes shares for which the holder has sole or shared voting or investment power. Shares of our common stock subject to options or warrants currently exercisable or which become exercisable within 60 days of July 10, 2007 are deemed to be beneficially owned by the person holding such options or warrants and outstanding and, in accordance with the rules of the SEC, are included for purposes of computing the percentage ownership of the person holding such options or warrants, but are not deemed outstanding for purposes of computing the percentage ownership of any other person.

(2) This number assumes that all of the warrants available to each of the Selling Stockholders pursuant to the March 27, 2007 private placement have been or will be exercised. The total number of shares being offered consists of 2,917,268 shares of common stock and 1,458,635 shares of common stock issuable upon exercise of warrants that are immediately exercisable for $1.66 per share.

(3) We do not know when or in what amounts a Selling Stockholder may offer shares of common stock for sale. The Selling Stockholders might not sell any or all of the shares offered by this prospectus. Because the Selling Stockholders may offer all or some of the shares pursuant to this offering, we cannot estimate the number of the shares that will be held by the Selling Stockholders after completion of the offering. However, for purposes of this table, we have assumed that, after completion of the offering, none of the shares covered by this prospectus will be held by the Selling Stockholders.

(4) Midsummer Investment beneficially owns 2,025,643 shares of common stock, which includes shares issued pursuant to interest payments as of June 30, 2007. In addition to the common stock, the entity holds three instruments convertible into common stock (i) US $5,570,000 of a convertible debenture, which is convertible into 1,954,386 shares (ii) an immediately exercisable warrant associated with that convertible debenture for 942,000 shares, exercisable at $3.57, and (iii) an immediately exercisable warrant associated with the March 27, 2007 private placement for 972,933 shares, exercisable at $1.66. Of the shares Midsummer Investment beneficially owns, Scott Kaufman and Michel Amsalem have voting and dispositive control.

(5) Mr. Hyman beneficially owns 584,385 shares of common stock. In addition to the common stock, he holds three instruments convertible into common stock (i) $64,563 of a convertible debenture, which is convertible into 18,606 shares, (ii) an immediately exercisable warrant associated with that convertible debenture for 8,321 shares, exercisable at $3.57, and (iii) an immediately exercisable warrant associated with the March 27, 2007 private placement for 40,000 shares, exercisable $1.66 per share.

(6) TCMP3 Partners/Titan Capital Management beneficially owns 347,880 shares of common stock. In addition to the common stock, the entity holds an immediately exercisable warrant associated with the March 27, 2007 private placement for 86,815 shares, exercisable at $1.66. Of the shares TCMP3 Partners/Titan Capital Management beneficially owns, Walter Schenker has voting and dispositive control.

(7) Mr. Goldman beneficially owns 250,000 shares of common stock. In addition to the common stock, Mr. Goldman holds an immediately exercisable warrant associated with the March 27, 2007 private placement for 125,000 shares, exercisable at $1.66 per share.

(8) Fonds d Arbitrage Amethyst beneficially