

## Results for announcement to the market.

*The audit of these reports is in progress.*

Name of Entity and ABN: IM Medical Limited ABN 47 009 436 908  
 Reporting Period: 30 June 2014  
 Previous Corresponding Period: 30 June 2013

### FY14 Highlights

	2014	2013	\$ Change	% Change
Revenue generated	\$49	\$3,853	Down \$3,804	Down 99%
Operating loss from ordinary activities	\$(377,093)	\$(446,489)	Down \$69,396	Down 15.54%
Operating loss attributable to members	\$(377,093)	\$(446,489)	Down \$69,396	Down 15.5%
	<b>30 June 2014</b>	<b>30 June 2013</b>		
Net tangible assets per ordinary share (cents)	0.00009	0.0003		

No dividends have been declared.

### Financial Position

IM Medical Limited Group ended the financial year with \$80k cash (2013: \$232k). Net assets at 30 June 2012 were \$86k (2013:226k).

For additional information, please visit [www.immedical.com.au](http://www.immedical.com.au)

### Contact

#### Investors

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# IM MEDICAL LIMITED

ABN: 47 009 436 908

## Appendix 4E Preliminary Final Report for the Year Ended 30 June 2014

## Corporate Information

### Company Directors

Mr. Nigel Blaze	Chairman
Mr. Brett Johnson (resigned August 19, 2014)	Non Executive Director
Mr. Paul Burton	Non Executive Director
Mr. Richard Wadley	Non Executive Director

### Company Secretary

Mr. Richard Wadley

### Registered Office

Level 40  
140 William Street,  
Melbourne VIC 3000  
Telephone: +61 3 9607 8280  
Facsimile: +61 3 9607 8285

### Solicitors

GTP Legal  
Level 1,  
28 Ord Street,  
West Perth WA 6005

### Bankers

The Bank of Melbourne

### Share Register

Security Transfer Registrars Pty Ltd  
770 Canning Highway,  
Applecross WA 6153.  
Tel: 08 9315 2233

### Auditor

Deloitte Touche Tohmatsu  
550 Bourke Street,  
Melbourne VIC 3000

## Contents

	Page
Statement of comprehensive income	4
Statement of financial position	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the Financial Statements	8

Statement of profit or loss and comprehensive income  
for the financial year ended 30 June 2014

	Notes	Consolidated		Company	
		2014	2013	2014	2013
		\$	\$	\$	\$
<b>Continuing operations</b>					
Revenue from continuing operations	2	49	3,853	28	2,281
Impairment of non-current assets	3	-	(60,000)	161,768	55,000
Corporate administration	3	(169,301)	(184,873)	(167,877)	(186,976)
Office occupancy and administration		-	(429)	-	-
Consultancy fees		(115,842)	(122,466)	(115,842)	(122,466)
Director expenses		(75,000)	(75,000)	(75,000)	(75,000)
Other expenses		(16,999)	(7,574)	(16,848)	(16,236)
		(377,142)	(450,342)	(213,799)	(345,678)
Loss before income tax		(377,093)	(446,489)	(213,799)	(343,397)
Income tax (expense)/benefit	4	-	-	-	-
Loss for the year from continuing operations		(377,093)	(446,489)	(213,771)	(343,397)
Loss for the year		(377,093)	(446,489)	(213,771)	(343,397)
Other comprehensive (loss)/income for the year		-	-	-	-
Total comprehensive (loss)/income for the year		(377,093)	(446,489)	(213,771)	(343,397)
<b>Earnings per share</b>					
From continuing and discontinued operations:					
Basic earnings (loss) per share (cents per share)	12	(0.0004)	(0.0005)		
Diluted earnings (loss) per share (cents per share)	12	(0.0004)	(0.0005)		
From continuing operations:					
Basic earnings (loss) per share (cents per share)	12	(0.0004)	(0.0005)		
Diluted earnings (loss) per share (cents per share)	12	(0.0004)	(0.0005)		

The accompanying notes form part of these financial statements

Statement of financial position  
as at 30 June 2014

	Notes	Consolidated		Company	
		2014	2013	2014	2013
		\$	\$	\$	\$
<b>Current assets</b>					
Cash and cash equivalents	17(a)	80,150	232,635	33,048	23,321
Trade and other receivables	7	13,210	14,912	6,078	6,670
Prepayments		6,894	14,993	6,894	14,993
<b>Total current assets</b>		<b>100,254</b>	<b>262,540</b>	<b>46,020</b>	<b>44,984</b>
<b>Non current assets</b>					
Trade and other receivables	8	-	-	-	-
Other financial assets	9	-	-	100	100
<b>Total non current assets</b>		<b>-</b>	<b>-</b>	<b>100</b>	<b>100</b>
<b>Total assets</b>		<b>100,254</b>	<b>262,540</b>	<b>46,120</b>	<b>45,084</b>
<b>Current liabilities</b>					
Trade and other payables	10	18,220	36,533	18,220	36,533
<b>Total current liabilities</b>		<b>18,220</b>	<b>36,533</b>	<b>18,220</b>	<b>36,533</b>
<b>Non current liabilities</b>					
Other		-	-	-	-
<b>Total non current liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>18,220</b>	<b>36,533</b>	<b>18,220</b>	<b>36,533</b>
<b>Net assets</b>		<b>82,034</b>	<b>226,007</b>	<b>27,900</b>	<b>8,551</b>
<b>Equity</b>					
Issued capital	5	<b>22,044,344</b>	21,811,224	<b>22,044,344</b>	21,811,224
Accumulated losses	11	(21,962,310)	(21,585,217)	<b>(22,016,444)</b>	(21,802,673)
<b>Total equity</b>		<b>82,034</b>	<b>226,007</b>	<b>27,900</b>	<b>8,551</b>

The accompanying notes form part of these financial statements.

Statement of changes in equity  
for the financial year ended 30 June 2014

	Note	Issued capital	Accumulated losses	Total
<b>Consolidated</b>		\$	\$	\$
<b>Balance at 1 July 2012</b>		<b>21,810,949</b>	<b>(21,138,728)</b>	<b>672,221</b>
Total comprehensive loss for the year		-	(446,489)	(446,489)
Exercise of options	5	275	-	275
<b>Balance as 30 June 2013</b>		<b>21,811,224</b>	<b>(21,585,217)</b>	<b>226,007</b>
Total comprehensive loss for the year		-	(377,093)	(377,093)
Shares issued (net of cost)	5	233,120	-	233,120
<b>Balance as 30 June 2014</b>		<b>22,044,344</b>	<b>(21,962,310)</b>	<b>82,034</b>

	Note	Issued capital	Accumulated losses	Total
<b>Company</b>		\$	\$	\$
<b>Balance at 1 July 2012</b>		<b>21,810,949</b>	<b>(21,459,276)</b>	<b>351,673</b>
Total comprehensive loss for the year		-	(343,397)	(343,397)
Exercise of options	5	275	-	275
<b>Balance as 30 June 2013</b>		<b>21,811,224</b>	<b>(21,802,673)</b>	<b>8,551</b>
Shares issued (net of cost)	5	233,120	-	233,120
Total comprehensive loss for the year		-	(213,771)	(213,771)
<b>Balance as 30 June 2014</b>		<b>22,044,344</b>	<b>(22,016,444)</b>	<b>27,900</b>

The accompanying notes form part of these financial statements.

Statement of cash flows  
for the financial year ended 30 June 2014

	Notes	Consolidated		Company	
		2014	2013	2014	2013
		\$	\$	\$	\$
<b>Cash flows from operating activities</b>					
Receipts from customers		-	-	-	-
Payments to suppliers and employees		(383,280)	(392,797)	(385,189)	(373,852)
Interest received		49	3,853	28	2,281
Interest paid		-	-	-	-
Net cash flows used in operating activities	17(b)	(383,231)	(396,650)	(385,161)	(371,571)
<b>Cash flows from investing activities</b>					
Investments and loans		(2,374)	(4,743)	-	-
Amounts advanced from related parties		-	-	161,768	55,788
Net cash flows (used in)/provided by investing activities		(2,374)	(4,743)	161,768	55,788
<b>Cash flows from financing activities</b>					
Proceeds from issue of shares	5(b)(i)	248,000	-	248,000	-
Capital raising costs	5(b)	(14,880)	-	(14,880)	-
Exercise of options	5(b)	-	275	-	275
Net cash flows from financing activities		233,120	275	233,120	275
<b>Net (decrease )/increase in cash held</b>		(152,485)	(401,118)	9,727	(315,508)
Cash at beginning of the year		232,635	633,753	23,321	338,829
<b>Cash at the end of the year</b>	17(a)	<b>80,150</b>	<b>232,635</b>	<b>33,048</b>	<b>23,321</b>

The accompanying notes form part of these financial statements.

## Notes to the financial statements

<b>Note</b>	<b>Contents</b>
1	Summary of significant accounting policies
2	Revenue from continuing operations
3	Loss for the year before income tax from continuing operations
4	Income tax
5	Issued capital
6	Remuneration of auditors
7	Current trade and other receivables
8	Non current trade and other receivables
9	Non current other financial assets
10	Current trade and other payables
11	Accumulated losses
12	Earnings per share
13	Subsidiaries
14	Commitments for expenditure
15	Dividends
16	Segment information
17	Notes to the statement of cash flows
18	Subsequent events
19	Contingent liabilities
20	Related party transactions
21	Financial Instruments
22	Company details

## **1. Summary of significant accounting policies**

### **Statement of compliance**

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report includes the separate financial statements of IM Medical Limited (the "company") and the consolidated financial statements of the group. For the purposes of preparing the financial statements, the company is a for-profit entity.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

### **Basis of preparation**

The financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration in exchange for assets.

The financial report has been prepared on a going concern basis which assumes the realisation of assets and the extinguishment of liabilities in the normal course of business and at the amounts stated in the financial report. IM Medical Limited is a public company limited by shares. The financial report is presented in Australian dollars. IM Medical Limited is incorporated in Australia and is the parent entity whose shares publicly trade on the ASX. The financial report covers both IM Medical Limited as an individual entity and IM Medical Limited and its controlled entities as a group of entities.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies have been consistently applied unless otherwise stated.

### **Going concern basis**

The financial statements are prepared on the going concern basis, which contemplates the continuity of normal business activities, and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The consolidated entity incurred a net loss of \$377,093 (2013: \$446,489) and incurred negative cash flows from operations of \$383,231 (2013: \$396,650) during the year ended 30 June 2014. As at 30 June 2014 the consolidated entity had an excess of current assets over current liabilities of \$82,034 (30 June 2013: \$226,007), and accumulated losses of \$21,962,310 (30 June 2013: \$21,585,217).

The directors have prepared a cash flow forecast through to September 2015. Based on current cash reserves in place at the date of this report cash flow forecasts indicate that the consolidated entity will have sufficient cash resources to continue to pay its debts to October 2014. The consolidated entity has entered into a Convertible Security Agreement with certain investors under which the investors have agreed to invest up to \$200,000 in securities that are convertible into equity. The investors are parties associated with the promoters of the data centre investment opportunity. The funds may be drawn down by the consolidated entity on seven days notice, subject to not more than \$100,000 being drawn in any 30 day period. Funds raised under the facility will be used to support the Company's working capital requirements until completion of the proposed equity capital raising announced on 26 August 2014.

On 26 August 2014 the company announced that it entered into a binding agreement to acquire ADX Management Pty Limited ("ADX") in exchange for \$6.0m of shares in the company (based on a notional issue price of 0.2 cents per New IMI share) (the "Transaction" or "Acquisition"). The Transaction is subject to certain conditions precedent being satisfied, including the following:

## Summary of significant accounting policies (con't)

- Completion of a minimum \$6.0 million equity capital raising by the Company, It is proposed that it will be underwritten.
- a contract for the sale of the Tullamarine property being executed in a form acceptable to IMI;
- receipt of an offer of debt finance to complete the acquisition of the Tullamarine property, fund the phase 1 development and refinance \$4.2 million of existing debt;
- completion of the transfer of the Brisbane Data Centre site to the Trust;
- the Trustee entering into a lease for at least 20 years with Ascolon (MEL) Pty Ltd for the Stage 1 development of the Tullamarine property for an initial rent of at least \$8.1 million per annum, and otherwise on terms no less favourable than the Heads of Agreement;
- shareholder approval; and
- re-compliance with Chapters 1 & 2 of the ASX Listing Rules and re-admission to the official list of the ASX.

However, to complete the Transaction, the consolidated entity will need to incur additional cash outflows over and above the nominal cash outflows. Depending on the level of expenditure incurred in relation to the Transaction or future investment activities, the consolidated entity may expend its cash reserves before October 2014 when the funds from the Transaction are received.

Accordingly it is reasonably likely that additional funds will need to be required to provide sufficient working capital to the consolidated entity to complete the Transaction.

Notwithstanding the circumstances and budgeted expenditure outlined above, the directors, based on discussions with their advisors, are confident that the consolidated entity will be able to raise additional equity to fund the activities outlined above.

Accordingly the financial report has been prepared on the going concern basis based on the following assumptions:

The ability of the consolidated entity to raise further equity, where necessary, to fund working capital, and the acquisition of ADX and;

The successful completion of the acquisition of ADX including the capital raising and, following completion of the acquisition, generation of sufficient cash flows to fund its operations.

In the event that the above initiatives do not eventuate or do not generate sufficient cash flows from operations there is significant uncertainty as to whether the consolidated entity will be able to continue as a going concern.

If the consolidated entity is unable to continue as a going concern it may realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial statements.

The financial statements do not include adjustments, if any, relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

## Changes in accounting policies on initial application of Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out as follows. The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

## **1. Summary of significant accounting policies (con't)**

### **a. Principles of consolidation**

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its subsidiaries as defined in

Accounting Standard AASB 127 'Consolidated and Separate Financial Statements'. A list of subsidiaries appears in note 13 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such entities. In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits/losses arising within the consolidated entity ("Group") are eliminated in full.

### **b. Cash and cash equivalents**

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts. Bank overdrafts are carried at the principal amount and shown within borrowings in current liabilities in the Statement of Financial Position. Interest is charged as an expense as it accrues.

### **c. Trade and other receivables**

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred. Receivables from related parties are recognised and carried at the nominal amount due less any impairment provision.

### **d. Impairment of assets**

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Impairment testing is performed annually for goodwill, and intangible assets with indefinite lives. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised in the

## Summary of significant accounting policies (con't)

statement of profit or loss and comprehensive income immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

### e. Plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on plant and equipment and is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its estimated useful life to its estimated residual value. Depreciation on leasehold improvements is based on the shorter of useful life or lease term. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period.

The following depreciation rates are used in the calculation of depreciation:

<b>Depreciation rates are:</b>	<b>2014</b>	<b>2013</b>
Leasehold improvements	7% to 20%	7% to 20%
Computer equipment	25% to 40%	25% to 40%
Plant and equipment	5% to 30%	5% to 30%
Equipment under lease	7.5% to 15%	7.5% to 15%

### f. Investment in subsidiaries

In the separate financial statements of IM Medical Limited, investments in subsidiaries, that are not classified as held for sale or included in a disposal group classified as held for sale, are accounted for at cost less impairment.

### g. Trade and other payables

Trade payables and other payables are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

### h. Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

### i. Issued capital

Ordinary issued capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

## Summary of significant accounting policies (con't)

### j. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

- *Rendering of services* – Revenue from the rendering of services is recognised in the statement of profit or loss and comprehensive income when the service is performed and there are no unfulfilled service obligation that will restrict the entitlement to receive the sales consideration.
- *Interest* - Control of the right to receive the interest payment.

*Dividends* - Control of the right to receive the dividend payment

### k. Income tax

#### *Current tax*

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior years is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

#### *Deferred tax*

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base for those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the assets and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at reporting date, to recover or settle the carrying amount of its assets and liabilities.

## Summary of significant accounting policies (con't)

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

### *Current and deferred tax for the period*

Current and deferred tax is recognised as an expense or income in the statement of profit or loss and comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

### *Tax consolidation*

The company and its wholly owned Australian resident entities are part of a tax consolidated group formed on 21 September 2004 under Australian taxation law. IM Medical Limited is the head entity in the tax consolidated group. Tax expense/income, deferred tax assets and deferred tax liabilities arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and asset

### *Tax consolidation (cont)*

and deferred tax assets arising from unused tax losses and tax credits of the members of the tax consolidated group are recognised by the company (as head entity in the tax consolidated group).

Due to the existence of a tax funding arrangement and a tax sharing agreement between the entities in the tax consolidated group, amounts are recognised as payable to or receivable by the company. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

### *Tax losses*

Based on the probability test required under Australian Accounting Standards the directors have determined that the deferred tax asset relating to revenue tax losses will not be recognised on the statement of financial position.

### **I. Employee benefits**

A liability is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

Contributions to defined contribution plans are expensed when employees have rendered service entitling them to the contributions.

### **m. Earnings per share**

Basic earnings per share (EPS) is calculated by dividing the profit/loss attributable to equity holders of the company for the financial period, after excluding any costs of servicing equity (other than ordinary shares) by the weighted average number of ordinary shares of the company, adjusted for any bonus issue.

## Summary of significant accounting policies (con't)

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with the dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares of the company adjusted for any bonus issue.

Where a net loss is made for the period, basic EPS and diluted EPS are the same, because, the inclusion of options in the earnings per share calculations does not result in further dilution.

### **n. Critical accounting estimates and judgements**

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revisions affect both current and future periods.

### **o. Critical accounting estimates and judgements (cont)**

Judgments made in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable in the relevant notes to the financial statements.

#### Tax Losses

Based on the probability test required under Australian Accounting Standards the directors have determined that the deferred tax asset relating to revenue tax losses do not meet the criteria for recognition as an asset.

### **p. Adoption of new and revised accounting standards**

#### **Standards and Interpretations affecting amounts reported in the current year (and/or prior years)**

No new and revised Standards and Interpretations have been adopted in the current year that have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in section (ii) below.

## Summary of significant accounting policies (con't)

### (i) Standards and Interpretations affecting the reported results or financial position

Amendments to AASB 101  
'Presentation of Financial  
Statements'

The amendment (part of AASB 2011-9 'Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income' introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. Other than the above mentioned presentation changes, the application of the amendments to AASB101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to AASB 101  
'Presentation of Financial  
Statements'

The amendments (part of AASB 2012-5 'Further Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle') requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position), when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The related notes to the third statement of financial position are not required to be disclosed.

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reported results or financial position.

### (ii) Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

## Summary of significant accounting policies (con't)

### (iii) Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2015	30 June 2016
AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements' and AASB 2011- 7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)	1 January 2013	30 June 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 January 2013	30 June 2014
AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'	1 January 2013	30 June 2014
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'	1 January 2013	30 June 2014
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2015	30 June 2016

No significant impact is expected on the Group's results with present activity.

### (q) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

## Summary of significant accounting policies (cont'd)

### (r) Share –based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest.

At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the statement of comprehensive income over the remaining vesting period, with corresponding adjustment to the equity-settled employee benefits reserve. No amount has been recognised in the financial statements in respect of the other equity-settled share-based payments.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

### (s) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the statement of profit or loss and comprehensive income. The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

### (t) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present

condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

## **Summary of significant accounting policies (cont'd)**

### **(u) Financial instruments issued by the company**

#### Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

## 2. Revenue from continuing operations

	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>Revenue</b>				
Revenue from rendering of services	-	-	-	-
	-	-	-	-
<b>Other revenue</b>				
Interest revenue – Bank deposits	49	3,853	28	2,281
	49	3,853	28	2,281
<b>Total revenue from continuing operations</b>	<b>49</b>	<b>3,853</b>	<b>28</b>	<b>2,281</b>

## 3. Loss for the year before income tax from continuing operations

Loss for the year from continuing operations has been arrived at after charging the following expenses, gains and losses

	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>Expenses</b>				
<i>Impairment losses on non current assets:</i>				
Impairment (reduction)/ loss on loan to related entities	-	-	(161,768)	(55,000)
Impairment of plant & equipment	-	60,000	-	-
Total impairment reversals on non current Assets	-	60,000	(161,768)	(55,000)
<b>Total depreciation, amortisation and impairment</b>	<b>-</b>	<b>60,000</b>	<b>(161,768)</b>	<b>(55,000)</b>
Accounting, auditing and other expenses	128,856	143,680	127,432	145,783
Share registry and listing expenses	40,445	41,193	40,445	41,193
<b>Total corporate administration</b>	<b>169,301</b>	<b>184,873</b>	<b>167,877</b>	<b>186,976</b>

## 4. Income Tax

	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>(a) Income tax recognised in the statement of comprehensive income</b>				
Tax expense/(income) comprises:				
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	-	-	-	-
Total tax expense/(income) in the Statement of Comprehensive Income	-	-	-	-
<b>(b) The prima facie income tax expense on pre-tax accounting profit (loss) from operations reconciles to the income tax expense / (income) in the financial statements as follows:</b>				
Loss from continuing operations	(377,093)	(446,489)	(213,799)	(343,397)
Income tax benefit calculated at 30% (2013: 30%)	(113,128)	(133,946)	(64,140)	(103,019)
Non deductible expenses	-	-	-	-
Tax losses not recognised as deferred tax assets	113,128	133,946	64,140	103,019
Income tax expense/(income)	-	-	-	-
The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.				
	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>(c) Amounts recognised directly in equity</b>				
Aggregate current and deferred tax arising in the reporting period and recognised directly into equity	-	-	-	-
<b>(d) Deferred tax balances</b>				
Deferred tax assets comprise:				
<b>Temporary differences</b>				
Accruals	-	-	-	-
Provisions	-	-	-	-
Total Temporary differences	-	-	-	-
<b>(e) Unrecognised deferred tax balances</b>				
The following deferred tax assets have not been brought to account as assets:				
Tax losses	1,037,472	924,344	1,052,346	988,206
<b>(f) Franking account balance</b>				
	2014	2013	2014	2013
	\$	\$	\$	\$
Franking account balance	-	-	-	-

## 4. Income Tax (cont'd)

### Tax consolidation

The company and its wholly owned Australian resident entities have formed a tax consolidated group and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is IM Medical Limited. Entities within the tax consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, IM Medical Limited and each of the entities in the tax consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax consolidated group. The tax sharing agreement entered into between members of the tax consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

## 5. Issued Capital

	Company 30 June 2014		Company 30 June 2013	
	Number	\$	Number	\$
<b>(a) Issued capital</b>				
Ordinary shares fully paid	952,465,220	22,044,344	828,465,220	21,811,224
Share option reserve	717,713,008	-	810,496,170	-
	<b>22,044,344</b>		<b>21,811,224</b>	
<b>(b) Movements in shares on issue</b>				
Balance at beginning of the financial period	828,465,220	21,811,224	828,437,692	21,811,224
Equity raisings (i)	124,000,000	248,000		
less transaction costs		(14,880)		
Exercise of options (refer Note [c] below)		-	27,528	275
Balance at the end of the financial period	<b>952,465,220</b>	<b>22,044,344</b>	<b>828,465,220</b>	<b>21,811,224</b>

### (i) Equity raisings Year ended 30 June 2014

Date	Details	Number	Issue price	\$
19 December 2013	Placement	124,000,000	\$0.002	248,000

### (c) Movements in share options

The following unlisted share options lapsed during the year:

- 22,847,603 Options exercisable at \$0.175 on 12 August 2013.
- 69,935,559 Options exercisable at \$0.125 on 12 August 2013.

Options do not carry a right to vote. Voting rights will be attached to the unissued shares when the options have been exercised

## 5. Issued Capital (contd.)

	Company 30 June 2014		Company 30 June 2013	
	Number	\$	Number	\$
Balance at beginning of the financial year	810,496,170	-	811,906,193	-
Granted during the period	-	-	-	-
- Granted under capital raisings	-	-	-	-
Exercise of options and transfer to issued capital (refer note [b] above)	-	-	(27,500)	-
Expiration of options (refer note [c] above)	(92,783,162)	-	(1,382,523)	-
Balance at the end of the financial year	717,713,008	-	810,496,170	-

## 6. Remuneration of auditors

	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>Auditor of the parent company</b>				
Auditing or reviewing the financial report (a)	47,775	50,475	47,775	50,475
Taxation services	-	-	-	-
	<b>47,775</b>	<b>50,475</b>	<b>47,775</b>	<b>50,475</b>

(a) Deloitte Touche Tohmatsu is the auditor of IM Medical Limited.

## 7. Current trade and other receivables

	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Other receivables	7,115	4,743	-	-
Less allowance for doubtful debts	-	-	-	-
Net trade receivables	7,115	4,743	-	-
Goods and services tax recoverable	6,095	10,169	6,077	6,670
	<b>13,210</b>	<b>14,912</b>	<b>6,077</b>	<b>6,670</b>
<b>Ageing of past due trade receivables but not impaired</b>				
30 -60 days	-	-	-	-
<b>Total</b>	-	-	-	-

## 8. Non current trade and other receivables

	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Loans to subsidiaries	-	-	9,781,252	9,987,521
Provision for impairment loss on loan	-	-	(9,781,252)	(9,987,521)
Loans to subsidiaries are non interest bearing, unsecured and at call	-	-	-	-

## 9. Non current other financial assets

	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Investment in subsidiaries at cost	-	-	100	100
Represented by:				
Investment in eCardio Pty Ltd	-	-	100	100
Investment in subsidiaries at recoverable amount	-	-	100	100

IM Medical Limited has a 100% equity interest in eCardio Pty Ltd (2013: 100%). eCardio Pty Ltd was previously known as Cardanal Pty Ltd.

## 10. Current trade and other payables

	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Trade payables (i)	16,157	21,140	16,157	21,140
Director related accruals	2,063	15,393	2,063	15,393
	18,220	36,533	18,220	36,533
	18,220	36,533	18,220	36,533

(i) Amounts stated in Trade payables are on commercial terms and conditions and generally payable in 30 days. Interest is not charged on any amounts overdue. The Group has financial risk management practices in place to ensure that all payables are paid within the credit timeframe.

## 11. Accumulated losses

	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Balance at beginning of the financial year	(21,585,217)	(21,138,728)	(21,802,673)	(21,459,276)
Net loss attributable to members of the Company	(377,093)	(446,489)	(213,771)	(343,397)
Balance at the end of the financial year	(21,962,310)	(21,585,217)	(22,016,444)	(21,802,673)

## 12. Earnings per share

	Consolidated	
	2014 Cents	2013 Cents
<i>From continuing and discontinuing operations:</i>	Per share	Per share
Basic earnings profit/(loss) per share	(0.0004)	(0.0005)
Diluted earnings profit/(loss) per share	(0.0004)	(0.0005)
<i>From continuing operations:</i>		
Basic earnings profit/(loss) per share	(0.0004)	(0.0005)
Diluted earnings profit/(loss) per share	(0.0004)	(0.0005)
Net loss used in the calculation of basic and diluted EPS – Continuing and Discontinuing	(372,587)	(446,489)
Net loss used in the calculation of basic and diluted EPS – Continuing Operations	(372,587)	(446,489)
	Company	
	Number	Number
Weighted average number of ordinary shares on issue during the financial year used in the calculation of basic earnings profit/(loss) per share	890,465,220	828,465,192
Weighted average number of ordinary shares on issue during the financial year used in the calculation of dilutive earnings profit/(loss) per share	890,465,220	828,465,192

Based on market conditions at balance date, the number and nature of potential ordinary shares that are not dilutive are as follows:

- 717,713,008 options (2013: 810,496,170) exercisable on or before various dates at a range of exercise prices per option. Refer note 5(c)

Potential ordinary shares are not dilutive as they would decrease the loss per share.

## 13. Subsidiaries

Name of subsidiary	Country of incorporation	2014 Ownership interest	2013 Ownership interest
Intelliheart Pty Ltd (a)	Australia	100%	100%
eCardio Pty Ltd (a)	Australia	100%	100%
eHealth Imaging Pty Ltd (a)	Australia	100%	100%

(a) Members of the tax consolidated group where the head entity is IM Medical Limited

## 14. Commitments for expenditure

### (a) Operating Leases

There are no operating leases in place. (2013: Nil)

## 15. Dividends

The Directors resolved not to declare any dividends for the year ended 30 June 2014 (2013: Nil).

## 16. Segment information

The following is an analysis of the Group's revenue and results by reportable operating segment for the years under review.

	Revenue		Segment loss	
	Year ended		Year ended	
	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$
<b>Continuing operations</b>				
Corporate	49	3,853	(377,093)	(386,489)
<b>Discontinuing operations</b>				
Radiology	-	-	-	-
Intelliheart tests	-	-	-	(60,000)
Loss before tax			(377,093)	(446,489)
Income tax (expense)/benefit			-	-
Consolidated segment revenue and loss for the period	49	3,853	(377,093)	(446,489)

Segment loss represents the loss earned by each segment without allocation of central administration costs and directors' salaries, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

The following is an analysis of the Group's assets by reportable operating segment:

	Assets		Liabilities	
	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$
<b>Discontinuing operations</b>				
Radiology	-	-	-	-
Intelliheart	-	-	-	-
Total segment assets and liabilities	-	-	-	-
Corporate assets	100,254	262,540	18,220	36,533
Total assets	100,254	262,540	18,220	36,533

## 17. Notes to the statement of cash flows

	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>(a) Reconciliation of cash</b>				
Cash balance comprises:				
- cash at bank	80,150	232,635	33,048	23,321
	<b>80,150</b>	<b>232,635</b>	<b>33,048</b>	<b>23,321</b>
<b>(b) Reconciliation of the operating loss after tax to the net cash flows from operations</b>				
(Loss) from ordinary activities after tax	(377,093)	(446,489)	(213,771)	(343,397)
Non-cash items				
Depreciation, amortisation and impairment	-	60,000	(161,768)	(55,788)
Change in assets and liabilities net of acquisitions:				
(Increase)/Decrease in receivables	1,702	(1,670)	592	6,273
Decrease in payables	(15,939)	(40,909)	(18,313)	(11,077)
Decrease in employee benefits	-	-	-	-
Decrease in prepayments	8,099	32,418	8,099	32,418
Net cash flow used in operating activities	<b>(383,231)</b>	<b>(396,650)</b>	<b>(385,161)</b>	<b>(371,571)</b>

### (c) Non-cash Financing and Investing Activities

There were no non-cash acquisitions during the financial years ended 30 June 2014 and 30 June 2013

## 18. Subsequent Events

The Consolidated entity entered into entered into a Merger Implementation Agreement with ADX Management Pty Ltd on 26 August 2014. Merger documentation including Experts' Reports, Notice of Meeting, Prospectus and other relevant documentation are being prepared with the intention to hold a shareholder meeting once all requirements of the proposal have been completed.

## 19. Contingent liabilities

There are no contingent liabilities at the date of this report.

## 20. Related party disclosures

The names of the directors of the Company during the financial year are:

- Nigel Blaze
- Brett Johnson (Resigned August 19, 2014)
- Richard Wadley
- Paul Burton

(a) *Equity interests in controlled entities*

Details of the percentage of ordinary shares held in controlled entities are disclosed in note 13 to the financial statements.

(b) *Loan disclosures*

There are no related party loans between the disclosing entity and any of the key management personnel.

(c) *Transactions within the wholly owned group*

The wholly owned group includes:

- The ultimate parent entity in the wholly owned group; and
- Wholly owned controlled entities

The ultimate parent company in the wholly owned group is IM Medical Limited.

(d) *Transactions with other related parties*

Other related parties include:

- the parent entity
- subsidiaries
- key management personnel
- other related parties

## 20. Related party disclosures (cont'd)

### (e) Director and executive remuneration

The aggregate compensation of the key management personnel of the consolidated entity and company is set out below:

	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Short term employee benefits	142,585	133,092	142,585	133,092
Post employment benefits	-	-	-	-
Other long term benefits	-	-	-	-
Share based payments	-	-	-	-
Termination benefits	-	-	-	-
	<u>142,585</u>	<u>133,092</u>	<u>142,585</u>	<u>133,092</u>

### (f) Details of key management personnel

Names and positions held of key management personnel in office at any time during the financial year are:

- Nigel Blaze (Non executive director, Appointed 23 March 2011)
- Richard Wadley (Non executive director, Appointed 23 March 2011)
- Paul Burton (Non executive director, Appointed 23 March 2011)
- Brett Johnson (non-executive director Appointed 19 December 2013 / Resigned 19 August 2014)

### (g) Options holding of directors and key management personnel

2014	Balance at 1 Jul 13	Option Consolidation	Options exercised	Net change other	Balance at 30 Jun 14	Total exercisable and vested	Options vested during the year
Nigel Blaze	-	-	-	-	-	-	-
Brett Johnson <sup>1</sup>	-	-	-	-	-	-	-
Paul Burton	-	-	-	-	-	-	-
Richard Wadley	-	-	-	-	-	-	-

  

2013	Balance at 1 Jul 12	Option Consolidation	Total issued	Net change other	Balance at 30 Jun 13	Total exercisable and vested	Options vested during the year
Nigel Blaze	-	-	-	-	-	-	-
Paul Burton	-	-	-	-	-	-	-
Richard Wadley	-	-	-	-	-	-	-

### (h) Shareholdings of key management personnel

2014	Balance at 1 Jul13	Share Consolidation	On exercise of options	Sold	Net change other	Balance at 30 Jun 2014
Nigel Blaze	-	-	-	-	-	-
Brett Johnson <sup>1</sup>	-	-	-	-	-	-
Paul Burton	-	-	-	-	-	-
Richard Wadley	-	-	-	-	-	-

<sup>1</sup> Mr. Brett Johnson resigned August 19, 2014

## 20. Related party disclosures (cont'd)

### (h) Shareholdings of key management personnel continued

2013	Balance at 1 Jul12	Share Consolidation	On exercise of options	Sold	Net change other	Balance at 30 Jun 2013
Nigel Blaze	-	-	-	-	-	-
Paul Burton	-	-	-	-	-	-
Richard Wadley	-	-	-	-	-	-

### (i) Loans to key management personnel

There are no loans made by the disclosing entity or any of its subsidiaries to any key management personnel, including their personally related entities.

### (j) Other transactions and balances with key management personnel

The following transactions, which comprise the short term employee benefits, and/or balances between the disclosing entity and any of its subsidiaries to any key management personnel, including their personally related entities were as follows:

During the year, the Company procured services to a value of \$32,560 (2013: \$33,959) from Nigel Blaze for the provision of consulting services. The value of the services was determined on an arm's length basis at commercial terms. At 30 June 2014 \$5,199 (2013: \$9,166 of the consulting services provided to the company remained unpaid.

During the year, the Company procured services to a value of \$77,800 (2013: \$60,508) from Richard Wadley for the provision of consulting services. The value of the services was determined on an arm's length basis at commercial terms. At 30 June 2014 \$4,051 (2013: \$3,523) of the consulting services provided to the company remained unpaid.

During the year, the Company procured services to a value of \$32,225 (2013: \$38,625) from Paul Burton for the provision of consulting services. The value of the services was determined on an arm's length basis at commercial terms. At 30 June 2014 \$2,083 (2013: \$2,704 of the consulting services provided to the company remained unpaid.

## 21. Financial instruments

### (a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2008. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital and accumulated losses as disclosed in notes 5 and 11 respectively. The Group operates within Australia, primarily through subsidiary companies established in the markets in which the Group trades. None of the Group's entities are subject to externally imposed capital requirements. Operating cash flows are used to maintain and expand the group's service assets, as well as to make the routine outflows of repayment of debt. The Group's policy is to borrow centrally, using a variety of capital market issues and borrowing facilities, to meet anticipated funding requirements.

## 21. Financial instruments (con't)

### Gearing ratio

The Board reviews the capital structure on an as needs basis. As a part of this review the committee considers the cost of capital and the risks associated with each class of capital. The Group currently has no target gearing ratio. Based on recommendations of the committee the Group will balance its overall capital structure through new share issues as well as the issue of new debt or redemption of existing debt.

The gearing ratio at year end was as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Debt	-	-	-	-
Cash and cash equivalents	93,360	247,547	39,126	29,991
Net debt	93,360	247,547	39,126	29,991
Equity (i)	82,034	226,007	27,490	8,551
Net debt to equity ratio	(113.8%)	(109.5%)	(140.2%)	(272.3%)

(i) Equity includes all capital, losses and reserves.

### (b) Categories of financial instruments

	<b>Consolidated</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets at amortised cost</b>				
Cash and cash equivalents	80,150	232,635	33,048	23,321
Trade Receivables	13,210	14,912	6,078	6,670
	93,360	247,547	39,126	29,991
<b>Financial liabilities at amortised cost</b>				
Trade Payables	18,220	36,533	18,220	36,533
	18,220	36,533	18,220	36,533

### (c) Financial risk management objectives

The Group's Corporate Treasury function is provided by the Company Secretary, who monitors and manages the financial risks relating to the operations of the Group. These risks include market risk, credit risk, liquidity risk and cash flow interest rate risk. The Group seeks to minimize the effects of these risks and invests excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

### (d) Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates (refer note 21(e)). The Group enters into a variety of financial instruments to manage its exposure to interest rate risk, including:

- Excess liquidity is invested in short term deposits only to take advantage in movements of interest rate

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

## 21. Financial Instruments (cont'd)

### (e) Interest rate risk management

The company and the Group are exposed to interest rate risk. The company and the Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

#### Interest rate sensitivity analysis

The Group's sensitivity to interest rates has decreased during the current period.

At reporting date, the Group had no debt of any form. If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net loss would reduce by \$1,163 and increase by \$1,163 (2013: reduce by \$1,163 and increase by \$1,163).

### (f) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group transacts with companies and government organizations by providing credit facilities to these groups. Credit facilities are granted on information supplied by the company or organization and sometimes supplemented by information provided by independent rating agencies. The Group's exposure of its counterparties is continuously monitored.

### (g) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash reserves and banking facilities by monitoring actual cash flows.

The table below reflects all contractually fixed payouts and receivables for settlement, repayments and interest resulting from recognized financial assets and liabilities. The respective undiscounted cash flows for the respective upcoming fiscal years for other obligations are presented.

The remaining contractual maturity of the Group's financial liabilities are:

	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
6 months or less	18,220	36,533	18,220	36,533
6-12 months	-	-	-	-
1-5 years	-	-	-	-
	18,220	36,533	18,220	36,533

### (h) Fair value of financial instruments

The methods for estimating fair value are outlined in the relevant notes to the financial statements. The directors consider that the carrying amounts of financial assets and liabilities, recorded at amortised cost in the financial statements, approximates their fair value.

## 22. Company details

The registered office and principal place of business of the company is:  
Level 40  
140 William Street  
Melbourne VIC 3000