

# IM MEDICAL LIMITED

ABN: 47 009 436 908

Annual Financial Report  
for the Year Ended 30 June 2014

## Corporate Information

### Company Directors

Mr. Nigel Blaze  
Mr. Richard Wadley  
Mr. Paul Burton

Chairman  
Non Executive Director  
Non Executive Director

### Company Secretary

Mr. Richard Wadley

### Registered Office

Level 40  
140 Collins 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

### Auditor

Deloitte Touche Tohmatsu  
550 Bourke Street,  
Melbourne VIC 3000

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## Chairman's Report

Dear Shareholders,

On behalf of the Board, I am pleased to present the company's Annual Financial Report for the financial year ended 30 June 2014 and to provide shareholders with details of the proposed acquisition of ADX Management Pty Ltd announced to the market on August 26, 2014

- **IMI Medical Ltd (IMI) has entered into an agreement to acquire ADX Management Pty Ltd**
- **The proposed acquisition expands and accelerates IMI's strategy to become manager of a major data centre Trust**
- **ADX is manager of the Australian Data Exchange Trust**
- **The Trust is in negotiations to acquire a building at Tullamarine, Victoria for conversion into a major data centre and will also own a site for construction of a data centre in Brisbane**
- **First stage conversion of the Tullamarine site is expected to be complete by mid 2015**
- **IMI will be manager of the Trust with an interest in 35% of the units**

### Overview of the Acquisition

IMI has entered into an agreement to acquire 100% of ADX Management Limited in exchange for \$6.0 million of shares in IMI (based on an issue price of 20 cents per new IMI share after a proposed 1 for 100 share consolidation). The Acquisition is subject to a number of conditions being satisfied.

ADX is a specialist management company, and is manager of the Australian Data Exchange Trust (the "Trust"). ADX is focused on becoming a leading manager of data centre, disaster recovery and technology facilities in Australia.

The Trust is in negotiations to acquire a 24,000m<sup>2</sup> property at Tullamarine in Victoria for conversion into a major data centre. The exchange of contracts for the acquisition of the Tullamarine property by the Trust is a condition of the acquisition of ADX by IMI. The first stage of fit-out at Tullamarine is to comprise approximately 2,300m<sup>2</sup> data centre technical space. The Trust has a non-binding heads of agreement to lease the first stage of the Tullamarine data centre to Ascalon (Mel) Pty Ltd for \$8.1m p.a. The Trust intends to commence conversion of the Tullamarine building into a major data centre on completion of the Acquisition.

On completion on the Acquisition the Trust will also own a data centre development site in Brisbane.

The Trust's initial focus will be the development of Stage 1 of the Tullamarine data centre in Melbourne. The Trust's strategy is to proceed with the Brisbane data centre as a subsequent development in stages based on tenant demand. The Trust is also in discussions regarding potential additional data centre sites and development opportunities in both other Australian major cities.

ADX intends to offer data centre facilities and solutions to cloud computing service providers, telecommunications and information technology providers, companies and government departments generally.

The Board believes that the proposed acquisition of ADX and change of business is in the interests of IMI shareholders and is a very positive step for the Company. Following completion of the Acquisition, IMI expects to have a single clear focus on development and management of data centre and cloud computing services.

On completion of the Acquisition, IMI will have a right to approximately 35.5% of the units in the Trust through a \$3 million convertible loan.

IMI, through ADX, expects to receive management fees as manager of the Trust, based on the Trust's gross asset value, property acquisition and fit-out fees, and performance fees against benchmark performance. A wholly owned subsidiary of IMI will become the trustee of the Trust on completion of the Acquisition. IMI will receive a Responsible Entity fee from the Trust (once listed) equivalent to 1% of the gross assets of the trust per annum. IMI will also participate in any distributions by the Trust on conversion of its convertible loan into units in the Trust.

### **The Tullamarine Data Centre**

The building, is in excellent condition, is ideally suited for conversion into a major data centre, with significant existing power capacity, power and cooling infrastructure in place. The Tullamarine facility is located 5 km from the Melbourne airport and 19.5 km from the CBD, adjacent to multiple fibre paths.

The 5.97 Ha site, with a Gross Lettable Area of 24,000m<sup>2</sup> has potential for development into a significant data centre exceeding 7,200m<sup>2</sup> of multi-tier white space at 20MW capacity. Stage 1 of the proposed development comprises circa 2,300m<sup>2</sup> of data centre white space at 2.3 MW capacity. The Trust has estimates for the Stage 1 fit-out of circa \$35m and a draft valuation on completion of stage 1 of \$103 million.

The Trust has entered into a non-binding Heads of Agreement for a 20 year lease with Ascalon for the entire Stage1 development at an initial rent of \$8.1million p.a. for 2,300m<sup>2</sup> of data centre white space. The first stage of fit-out of the Tullamarine data centre is scheduled to commence on completion of the Acquisition, funded primarily by debt finance to be arranged prior to completion of the acquisition. The Stage 1 data centre space is expected to become operational progressively from March 2015.

### **The Proposed Brisbane Data Centre**

Development approval has been granted for the construction of a proposed 23,000 square metre data centre facility on the approximately 3.4 Ha site comprised of five data centre halls and an office building. The construction and fitout to shell and core stage has been estimated to cost approximately \$40 million.

The base building and fitout is targeting a design that plans to deliver an Uptime Institute Tier III Data Centre rating, a minimum NABERS 5 Star and LEED Gold rating. The design is also intended to deliver a Power Utilisation Efficiency of 1.3 or lower. This is a key factor in delivering lower operating costs and attracting tenants to the facility.

The data centre is designed for up to 10-12 MW capacity. The Trust's expectation is that the development will proceed in stages based on tenant demand.

### **Proposed New Directors**

On completion of the Acquisition, it is proposed that the Hon. Ian Campbell and Mr Jamie Cullen, will join the Board of IMI. These appointments will bring significant expertise to the IMI Board.

#### **Hon. Ian Campbell – Proposed Chairman & Non-Executive Director**

Non-Executive Director and Chairman elect of ASG Group Limited (ASX: ASZ) a major IT solutions provider to medium to large scale enterprises. Director – Brookfield Financial. Former Federal Senator (17 years) and Cabinet Minister in the Howard Government. As Parliamentary Secretary to the Treasurer, Ian developed the Corporate Law Economic Reform Program (CLERP). As Parliamentary Secretary to the Minister for Communications, he was responsible for ICT policy implementation. Prior to parliament, Ian was a commercial and industrial property consultant, and Company Director.

#### **Jamie Cullen – Proposed Non-Executive Director elect (B.Com, CA, F Fin, FAICD)**

Twenty years experience as CEO of ASX listed entities - Resource Equipment Limited (2008 – 2014) and PCH Group Ltd (1994 – 2007), both specialist international rental and contracting businesses serving the mining, oil & gas and construction sectors. Previously finance and management executive in the motion picture industry in Los Angeles and prior to that with PriceWaterhouseCoopers in Australia, New Zealand and Los Angeles.

On completion of the Acquisition, with the appointment of the new directors, existing directors Mr Nigel Blaze, and Mr Paul Burton will resign from the IMI Board.

The Board will consider the appointment of additional experienced potential executives and directors to further broaden the skills and expertise available to the Board. The Company expects to make an announcement regarding proposed senior management in the near future.

### **The Australian Data Exchange Trust**

A wholly owned subsidiary of IMI will become the trustee of the Trust on completion of the Acquisition. The Trust intends to seek a separate ASX listing of the Trust within 12 months.

The Trust is currently in discussions regarding bank finance to fund the fitout of the Tullamarine facility. Completion of the Acquisition is conditional on exchange of contracts for the acquisition of the Tullamarine property, the Trust entering into an agreement to acquire the Tullamarine property and being offered a debt finance facility on terms acceptable to the Trust, ADX and IMI that is sufficient to complete the acquisition of the Tullamarine property and fund the stage 1 development. The Trust intends to raise circa \$1m by way of a convertible loan to enable it to pay an initial deposit on the Tullamarine acquisition.

In its capacity as trustee of the Trust (through a subsidiary), IMI's medium term objective is for the Trust to acquire and develop additional data centre sites so it becomes a significant specialist property trust.

### **Acquisition Terms**

The key terms of the Merger Implementation Agreement, which contains the terms of the Acquisition, are as follows:

- (a) the agreement is subject to a number of conditions including:
- completion of a minimum of \$6.0 million equity capital raising by IMI that has been underwritten by Patersons Securities Limited;
  - a contract for the purchase 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 of the matters the subject of this announcement; and
  - re-compliance with Chapters 1 & 2 of the ASX Listing Rules and re-admission to the official list of the ASX.
- (b) IMI will acquire all the shares in ADX from its existing shareholders. Consideration for the acquisition of ADX is new IMI shares, with a notional aggregate value of \$6.0 million based on a price of IMI shares of 0.2 cents per share. Immediately following the Acquisition and the Equity raising referred to below, shareholders in ADX will hold approximately 40% of the shares in IMI. The consideration will be paid in post-consolidation shares conditional on IMI completing the proposed share consolidation.

Further details will be set out are covered in the Notice of Meeting and Prospectus which will be sent to you.

The Directors look forward to your on-going support in this new and exciting opportunity.

Yours sincerely,



Nigel Blaze  
Chairman

30 September 2014

## Corporate Governance Statement

IM Medical Limited remains committed to corporate governance practices that are compatible with the Company's age and size and which ensure an appropriate degree of accountability and transparency to shareholders and other stakeholders.

ASX Listing rule 4.10.30 requires that IM Medical Limited disclose the extent to which it has followed the recommendation of the ASX Corporate Governance Councils ("ASX CGC") *Corporate Governance Principles and Recommendations* (2<sup>nd</sup> Edition) during the 2011 year.

### **PRINCIPLE 1 – Lay solid foundations for management and oversight**

*Recommendations 1.1: Formalise and disclose the functions reserved to the board and those delegated to management.*

The IM Medical board retains responsibility for the following areas:

- a) Setting and monitoring of objectives, goals and strategic direction for management with a view to maximising shareholder wealth;
- b) Approving annual budget and monitoring financial performances;
- c) Ensuring adequate internal controls exist and are appropriately monitored for compliance;
- d) Ensuring significant business risks are identified and appropriately managed;
- e) Approving acquisitions
- f) Ensuring and appointing new Directors; and
- g) Maintaining the highest business standards and ethical behaviour

*Recommendation 1.2: Disclose the process for performance evaluation of the board, its committees and individual directors and key executives.*

The principles adopted for performance evaluations of key executives are outlined in the remuneration section of the director's report.

In summary the board evaluates the performance of senior executives on an annual basis. When considering performance, the board has regard for such things as:

- a) The responsibilities of the executive
- b) The approved annual budgets
- c) Any communicated key performance indicators; and
- d) Qualities as well as quantitative measures

In relation to the directors, the process for evaluating performance is more informal but none the less effective.

Directors and key executives have ongoing access to continuing education to enhance their skills and knowledge and the board has access to independent professional advice at the company's expense. In addition, all directors have access to the Company Secretary who is responsible to the board, through the Chairman, on all governance matters.

## Corporate Governance Statement (cont'd)

### **PRINCIPLE 2 – Structure the board to add value**

*Recommendations 2.1: A majority of the board should be independent directors.*

At the date of this report, the board comprises three directors, all of which are considered independent and meet the objective assessment of quantitative, qualitative, and cumulative criteria for director independence.

The degree of independence will be reviewed periodically but the current view of the board, is that sufficient independence is adequately provided by independent directors and strategic advisers. The board recognises that a director remains in office for the benefit of and is accountable to shareholders and that shareholders have the voting power to elect members to the board regardless of their standing, independent or otherwise.

*Recommendation 2.2: The chairperson should be an independent director and;*

*Recommendation 2.3: The roles of the Chairperson and Chief Executive Officer should not be exercised by the same individual.*

The current chairman is an independent director. There is currently no chief executive officer and the company is searching for a new chief executive officer.

*Recommendation 2.4: The board should establish a nomination committee*

Due to the company's limited size and lack of complexity, the board has adopted the position that this responsibility should be fulfilled by the full board.

*Recommendation 2.5: Disclose the process for evaluating the performance that this responsibility should be fulfilled by the full board.*

### **PRINCIPLE 3 – Promote ethical and responsible decision making**

*Recommendation 3.1: Establish a code of conduct to guide the Directors, the Chief Executive Officer and any other key executives.*

The Company recognises its corporate regulatory responsibilities, and has developed and maintained the necessary systems and operational procedures and protocols to ensure it satisfies these obligations.

The board believes that a key driver of corporate governance is to communicate the key policies to management and staff and to monitor and embed them throughout all functions. These policies are monitored and reviewed on an ongoing basis by the board and cover:

- a) Employee share trading policies
- b) Appropriate levels of disclosure and liaison with shareholders
- c) Relationships with customers and suppliers
- d) Employment practices of the Company

In addition to the above, all directors and senior management strive to ensure that the Company:

- a) Complies with laws and regulations; and
- b) Ethical and environmental responsibilities



## Corporate Governance Statement (cont'd)

### **PRINCIPLE 3 – Promote ethical and responsible decision making (cont'd)**

*Recommendation 3.2: Disclose the policy concerning trading in company securities by directors, officers, and employees.*

The Company has established a “Share Trading Policy”. This Policy applies to all directors, executives and employees nominated by the board, including external resources appointed to these types of roles on a contractual and/or interim basis. The policy is intended to cover employees, contractual or otherwise and will include:

- a) directors, company secretaries and senior executives of the Company;
- b) accounting officers;
- c) staff members who have access to the Company’s financial results.

*The policy permits directors and senior executives to trade in securities during the 4 week period commencing immediately after the date of announcement of results to the ASX, of the half yearly and annual results and after the conclusion of the Annual General Meeting provided that the person is not in possession of price sensitive information and the trading is not for short term or speculative gain.*

Trading in securities by directors, executives and employees as nominated is prohibited at all times other than those set out above except that a person may trade outside the allowable period with written authority from the chairman or a non executive director nominated by the chairman.

A written request for approval is required to be submitted before permission will be given for such trading and only then will approval be provided on the basis that the proposed transaction would not be:

- a) contrary to any laws; or
- b) for speculative gain; or
- c) likely to be perceived as unduly negative or unfair by the public, press, other shareholders or regulatory bodies.

### **PRINCIPLE 3 – Promote ethical and responsible decision making (cont'd)**

*Recommendation 3.2: Disclose the policy concerning trading in company securities by directors, officers, and employees. (cont'd)*

As a guide, approval to trade may be given where, for example, it can be shown that securities are to be sold to realise cash in a time of need or where securities are transferred from one member of a family or trust to another when to delay the transaction to the next permitted period would be detrimental to the family’s affairs.

In addition to any other ASX Listing Rule and Corporation Law requirements, the Policy requires all affected persons to provide the Company with details of any dealings, made by them or related parties, in the Company’s securities within 3 days of each transaction.

### **PRINCIPLE 4 – Safeguard integrity of financial reporting**

*Recommendation 4.1: The board should establish an audit committee, and*

*Recommendation 4.2: Structure the audit committee so that it consists of:*

- a) only non executive directors
- b) a majority of independent directors
- c) an independent chairperson, who is not chairperson of the board; and
- d) at least three members

## Corporate Governance Statement (cont'd)

### **PRINCIPLE 4 – Safeguard integrity of financial reporting (cont'd)**

Due to the limited size, lack of complexity and relatively small number of directors, the board has adopted the position that this responsibility should be fulfilled by all members of the board.

The Company's financial report is subject to an annual audit by an independent professional auditor who also reviews the Company's half yearly financial report. The Audit, Risk & Compliance Committee oversees this process on behalf of the Board.

At the date of this report the Committee comprised Mr. Nigel Blaze (Committee Chairman, independent non executive director), Mr. Richard Wadley (Company secretary, independent non executive director) and Mr. Paul Burton, (independent non executive director).

The Committee meets at a minimum, on a six monthly basis to review and consider the half-year and full year financial report of the Company. The Company's auditors are actively involved in these meetings. The Directors' Report contains further details on Committee Members skills and qualifications, together with details of meeting attendance.

*Recommendation 4.3: The audit committee should have a formal operating charter.*

The audit committee does not currently have a formal operating charter, although the full board does have in place a formal board charter.

### **PRINCIPLE 5 – Make timely and balanced disclosure**

*Recommendation 5.1: Establish written policies and procedures designed to ensure compliance with ASX listing rule disclosure requirements and to ensure accountability at senior management level for that compliance.*

The Chairman and Company Secretary ensure compliance with the continuous disclosure requirements of the ASX Listing Rules and in particular Listing Rule 3.1, however the Company does not currently have a formal written policy in place and relies on the extensive experience of the board and senior management to ensure ongoing compliance.

### **PRINCIPLE 6 – Respect the rights of shareholders**

*Recommendation 6.1: Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.*

Ongoing communications with shareholders include:

- a) The Company maintains a corporate website to inform shareholders on historical information and developments ([www.immedical.com](http://www.immedical.com)).
- b) The Company regularly updates and provides details of recent material announcements, annual reports, and general information on the Company and its business to the ASX.
- c) The annual report is distributed to all shareholders (unless a shareholder has specifically requested not to receive the document). A copy of the full annual report is available free of charge, upon request, from the Company. The board ensures that the annual report includes relevant information about the Company's operations during the year, changes in the state of affairs and details of future developments, in addition to the other disclosures required by the *Corporations Act 2001*;

## Corporate Governance Statement (cont'd)

### PRINCIPLE 6 – Respect the rights of shareholders (cont'd)

- d) The half-year report contains summarised financial information and a review of the operations of the Company during the period. The half-year financial report is prepared in accordance with the requirements of Accounting Standards and the Corporations Act, and is lodged with the Australian Securities and Investments Commission and the Australian Stock Exchange; and
- e) The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and alignment with the Company's strategy and goals.

Shareholder participation at annual general meetings (AGM) is encouraged and the Company's auditor Deloitte Touche Tohmatsu, are requested to attend the AGM and be available to answer shareholder questions.

### PRINCIPLE 7 – Recognise and manage risk

*Recommendation 7.1: The board or appropriate board committee should establish policies on risk oversight and management.*

The Audit, Risk and Compliance Committee have established a policy for risk oversight and management within the Company. This is periodically reviewed and updated.

*Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks.*

The Company has the risk management and internal controls appropriate to its business activity.

*Recommendation 7.3: The board should disclose whether it has received assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.*

The board is confident that the scale, lack of complexity and concentrated location of the Company's business activities provides a model for ensuring that internal control, compliance, and risk management are operating to the required standard and that this view is founded on policies and controls which have adequately supported the board's risk profile for the 2014 financial year.

### PRINCIPLE 8 – Remunerate fairly and responsibly

*Recommendation 8.1: The board should establish a remuneration committee.*

Due to the limited size and lack of complexity of the Company, the board does not consider that a separate remuneration committee is required and thus does not fully comply with this recommendation.

The board reviews the remuneration packages and policies applicable to the senior officers on an annual basis. The board may also obtain independent advice on the appropriateness of remuneration packages.

*Recommendation 8.2: Clearly distinguish the structure of non-executive directors' remuneration from that of executives.*

The level of remuneration for each director and specified executive is detailed in the directors' report and notes to the financial statements. The principles, details of remuneration and terms of contracts are also outlined in the remuneration report section of the director's report. The appointment of all senior executives and board members is approved by the full board.

## Corporate Governance Statement (cont'd)

### **PRINCIPLE 8 – Remunerate fairly and responsibly (cont'd)**

In summary, the board aims to structure total remuneration to take into account:

- a) both the short and long term growth and success of the Company;
- b) remuneration that is competitive with the market place; and
- c) remuneration that is demonstrably linked to the Company's overall performance.

Non-executive Directors are remunerated by way of fees only, they do not receive any additional retirement benefits nor do they currently participate in any other incentive arrangement/s such as the share option plan.

## Directors' Report

The directors of IM Medical Limited submit herewith the annual financial report of the Company for the financial year ended 30 June 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and particulars of the directors of the Company during or since the end of the financial year are:

### **Mr. Nigel Blaze**

*Non Executive Director (appointed 22 March 2011)*

Mr Nigel Blaze was appointed as a Director of the Company on 22 March 2011 in accordance with Article 13.4 of the Constitution.

Mr Blaze is a Fellow of the Institute of Chartered Accountants and has practised as a Chartered Accountant for approximately 25 years. Mr Blaze commenced his professional accounting career with Ernst & Young and worked firstly in the Business Services area subsequently moving into a management role in their Specialist Taxation Advisory division. Since leaving Ernst & Young, Mr Blaze has acted as a director of the Chartered Accounting firms Griffiths and Co and McLean Manuell before establishing his own firm in January 2000.

Mr Blaze is currently the managing director of Blaze BMD Pty Ltd, Accountants and Business Advisors and has extensive commercial advisory experience including specialisation in the medical services sector, property sector, agribusiness sector and the retail and manufacturing sectors.

Mr Blaze was, until June 2003, a director of the Blaxland Rural Investments Ltd a company that successfully raised capital and managed a number of agribusiness projects prior to the sale of its operations to a predecessor of Seven Fields Management Limited. He has also acted and continues to act as a director on many private company boards and has successfully managed a number of investment projects.

Mr Blaze has acted as Chairman of the Company since 22 March 2011.

Mr Blaze holds a Bachelor of Business (Accounting) degree, a Diploma of Taxation Law from Monash University, and a Certified Financial Planning qualification.

Mr. Blaze has not held any listed company directorships within the last 3 years before the financial year ended 30 June 2014.

### **Mr. Richard Wadley**

*Non Executive Director/Company Secretary (appointed 22 March 2011)*

Mr Richard Wadley was appointed as a Director of the Company on 22 March 2011 in accordance with Article 13.4 of the Constitution. Mr Wadley was also appointed as the company secretary of the Company.

Mr Wadley FCCA specialises in providing financial and company secretarial services to mainly earlier stage life science companies. He has had extensive experience in the areas of financial management, tax planning, investor relations, technology licensing and capital raisings. Mr Wadley is currently a director of Origin Capital Limited (a pooled development fund). Over the last twenty years he has been the CFO and company secretary for a number of ASX listed companies. Mr. Wadley has previously practised as a Chartered Accountant. In 1998 Mr. Wadley was named Chief Financial Officer of the Year by C.F.O. Magazine.

Mr. Wadley has not held any listed company directorships within the last 3 years before the financial year ended 30 June 2014.

## Directors' Report (cont'd)

### **Mr. Paul Burton**

*Non Executive Director (appointed 22 March 2011)*

Mr Paul Burton was appointed as a Director of the Company on 22 March 2011 in accordance with Article 13.4 of the Constitution.

Mr Burton has extensive business experience, specialising in mergers, acquisitions as well as corporate strategy, advice and governance. He has held senior executive positions with NAB/MLC and Ipac (now owned by Axa) as well as a self-employed Consultant working with companies such as Tauro Capital, Challenger, Q Invest, Strategic Capital Management and Seaview Consulting. Mr Burton was the managing director of Techdrill Services Pty Ltd, an exploration drilling company which grew its revenue and profit by 700% under his leadership and was a founding partner and director of Lachlan Group Pty Ltd (now known as Westoria Capital), a boutique resource investment company.

After beginning his career as a financial adviser, Mr Burton was appointed acquisitions manager by Ipac and successfully completed the foundation transactions that were aggregated into the significant operation that it has become today. Subsequently Mr Burton acted as the principal of his own consulting business and worked on a number of successful advisory projects highlighted by his involvement in the Challenger acquisition and integration team that successfully negotiated and integrated the acquisition of Associated Planners for \$100 million.

Mr Burton holds a Master of Business Administration (MBA), Bachelor of Economics (Honours), Diploma of Financial Planning (DFP) and Certified Financial Planner (CFP).

Mr. Burton has not held any listed company directorships within the last 3 years before the financial year ended 30 June 2014.

### **Mr. Brett Johnson**

*Non Executive Director (appointed 19 December 2013)*

Mr Brett Johnson was appointed as a Director of the Company on 19 December 2013 in accordance with the terms of the WhiteData Merger Implementation Agreement. Mr Johnson resigned as a director on 19 August 2014 following the decision by the Company to terminate the Merger Implementation Agreement.

### **Principal activities**

During the year the Company has entered into a Merger Implementation Agreement with ADX Management Pty Ltd and intends to become a leading provider of data centre, disaster recovery and technology facilities in Australia.

### **Dividends**

No amounts have been paid, declared or recommended by the Company by way of dividend since the commencement of the financial year (2013: Nil).

## Directors' Report (cont'd)

### Review and results of operations

#### (a) Overview

Management and the Board monitor the group's overall performance, from its implementation of the mission statement and strategic plan through to the performance of the consolidated entity against operating plans and financial budgets. Key performance indicators have been identified and are used to monitor performance regularly, such that appropriate action can be taken to address any performance issues.

#### (b) Review and results of operations

For the year ended 30 June 2014 the consolidated entity and the company incurred a net loss of \$404,293 and \$240,971 respectively and incurred negative cash flows from operations of \$383,231 and \$385,161 respectively. As at 30 June 2014 the consolidated entity has current assets in excess of its current liabilities by \$54,834 (2013: \$226,007), and the Company has current assets in excess of its current liabilities amounting to \$600 (2013: \$8,451). As at 30 June 2014 the consolidated entity and the company have accumulated losses of \$21,989,510 and \$22,043,644 respectively.

#### (c) Future development

The directors are focused on the completion of the proposed transaction with ADX Management Pty Ltd to become a leading provider of data centre, disaster recovery and technology solutions in Australia. Under the Agreement, On completion of the Acquisition, it is proposed that Mr Ian Campbell and Mr Jamie Cullen, will join the Board of IMI. The appointments will bring significant expertise to the IMI Board. With the appointment of the new directors, existing directors Mr Nigel Blaze, and Mr Paul Burton will resign from the IMI Board.

#### (d) Review of financial conditions

The Company has used its funds to pay down debt and provide working capital. In December 2013 the Company carried out a placement of \$248k (124,000,000 shares at \$0.002) to provide working capital. Since the year end, the Company has entered into a Converting Loan Facility in order to provide sufficient working capital while completion of the ADX Merger Implementation Agreement. In addition the Company has entered into an Underwriting Agreement with Patersons Securities Limited to raise \$6 million in accordance with the Merger Implementation Agreement.

#### (e) Risk management and corporate governance practices

The Board has delegated to the Audit, Risk and Compliance Committee responsibility for overseeing the implementation of policies and procedures aimed at ensuring that the consolidated entity conducts its operations in a manner that manages risk to protect its people, the environment, consolidated entity assets and reputation as well as to realise opportunities. The Company's policy is to consider the balance of risk and reward, as far as practicable, in order to optimise the returns gained from its business activities and to meet the expectations of its shareholders.

### Change in the state of affairs

In December 2013, the Company raised \$248,000 through the placement of 124,000,000 ordinary shares at \$0.002.

### Environmental regulation and performance

The Company was previously involved in medical research and development in the advancement of human health, and the activities of the Company did not create any significant environmental impact. The Company's medical research activities are in full compliance with all prescribed environmental regulations.

## Directors' Report (cont'd)

### Share options

As at the date of this report, there were 717,713,008 (2013: 810,496,170) listed options over ordinary shares of IM Medical Limited.

During the year ended 30 June 2014 92,783,162 (2013: 1,382,523) unlisted options lapsed.

### Shares issued as a result of the exercise of options

During the year ended 30 June 2014, nil (2013: 27,500) fully paid ordinary shares were issued by IM Medical Limited as a result of exercised options.

### Indemnification and insurance of directors and officers

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, and all the executive officers of the company and of any related body corporate against liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or any related body corporate against a liability incurred as such an officer or auditor.

### Directors' meeting

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, there were a total of 8 Board meetings held. The held column in the table below indicates the number of board meetings held whilst that director was in office.

Director	Board of Directors		Audit Risk and Compliance	
	Held	Attended	Held	Attended
N. Blaze	8	8	2	2
B. Johnson	4	4	1	1
R. Wadley	8	8	2	2
P. Burton	8	8	2	2

### Director's shareholding

The following table sets out each director's relevant interest in shares or options in shares of the Company or a related body corporate as at the date of this report.

Director	Ordinary shares	Options over ordinary shares
N. Blaze	-	-
R. Wadley	-	-
P. Burton	-	-



## Remuneration Report (Audited)

This report which forms part of the directors' report outlines the remuneration arrangements in place for directors and executives of IM Medical Limited for the financial year ended 30 June 2014.

### Remuneration philosophy

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

To that end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Focus on creating sustained shareholder value;
- Significant portion of executive remuneration "at risk", is dependent upon meeting predetermined performance benchmarks; and
- Differentiation of individual rewards commensurate with contribution to overall results and according to individual accountability, performance and potential.

In the absence of a specific Remuneration Committee, the Board of Directors accepts direct responsibility for determining and reviewing compensation arrangements for the directors, chief executive officer (CEO) and the senior management team. The Board assesses the appropriateness of the nature and amount of remuneration of directors and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

### Remuneration structure

In line with best practice corporate governance, the structure of non executive director, executive director and senior manager remuneration is separate and distinct.

### Non executive director remuneration

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 25 November 2004 when shareholders approved an aggregate remuneration of \$250,000.

The amount of aggregate remuneration approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The board considers any advice received from external consultants as well as the fees paid to non executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the Company and is entitled to be paid an additional fee for each Board Committee on which the director sits. The entitlement to the additional fees for serving on a committee recognises the additional time commitment required by directors in discharging their responsibilities to the board.

### Senior management and executive director remuneration

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- Reward executives for company, business unit and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of executives with those of shareholders;
- Link reward with the strategic goals and performance of the company; and
- Ensure total remuneration is competitive by market standards.

## Remuneration Report (Audited) (cont'd)

### Senior management and executive director remuneration

The executive remuneration program is designed to support the Company's reward philosophies and to underpin the Company's growth strategy. The program comprises the following components:

- Fixed remuneration component
- Variable remuneration component including short term incentive (STI) and long term incentive (LTI)

#### *Fixed remuneration*

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and shares. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

#### *Variable remuneration – short term incentive (STI)*

The objective of the STI program is to link the achievement of the Company's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the senior manager to achieve the operational targets and such that the cost to the Company is reasonable.

Actual STI payments granted to each senior manager depend on the extent to which specific operating targets set at the beginning of the year are met. The operational targets consists of a number of Key Performance Indicators (KPIs) covering both financial and non-financial measures of performance. Typically included are measures such as contribution to revenue, net profit after tax, customer service, risk management, product management, leadership and team contribution. The Company has predetermined benchmarks which must be met in order to trigger payments under the short term incentive scheme.

On an annual basis, after consideration of performance against KPIs, an overall performance rating for the Company is approved by the Board. The individual performance of each executive is also rated and taken into account when determining the amount, if any, of the short term incentive pool allocated to each executive. The aggregate of annual STI payments available for executives across the Company are usually delivered in the form of a cash bonus. In the 2014 year, no payments have been made (2013: nil) under the STI program.

#### *Variable remuneration – long term incentive (LTI)*

The objective of the LTI plan is to reward senior managers in a manner which aligns this element of remuneration with the creation of shareholder wealth. As such, LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Company's performance against relevant long term performance hurdles. LTI granted to executives are delivered in the form of options or shares. In the 2014 year, no issue of options or shares has been made (2013: nil) under the LTI plan.

## Remuneration Report (Audited) (cont'd)

### Relationship between the remuneration policy and company performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives.

However, no base remuneration of key management personnel or directors is dependent or related to company performance. The following table shows the gross revenue, losses, share price and dividends for the last five years for the consolidated entity.

Consolidated	30 June 2014	30 June 2013	30 June 2012	30 June 2011	30 June 2010
Revenue	49	3,853	26,315	8,877	75,478
Net loss before tax	(404,293)	(446,489)	(883,813)	(4,068,842)	(1,686,566)
Net loss after tax	(404,293)	(446,489)	(883,813)	(4,068,842)	(1,686,566)

Consolidated	30 June 2014	30 June 2013	30 June 2012	30 June 2011	30 June 2010
Share price at start of year	\$0.001	\$0.002	\$0.001	\$0.001	\$0.004
Share price at end of year	\$0.001	\$0.001	\$0.002	\$0.001	\$0.001
Interim and final dividend	-	-	-	-	-
Basic earnings per share (cents)	(0.0004)	(0.0005)	(0.0015)	(0.08)	(0.10)
Diluted earnings per share (cents)	(0.0004)	(0.0005)	(0.0015)	(0.08)	(0.10)

## Remuneration Report (Audited) (cont'd)

### Key management personnel

- 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)

The compensation of each member of the key management personnel of IM Medical Limited for the current year is set out below.

	Short term employee benefits			Share Based Payments	Post employment benefits	Termination benefits	Total
<b>2014</b>	Salary & fees \$	Non – Monetary \$	Other Cash Benefits \$	\$	Superannuation \$	\$	\$
Non executive Directors							
N Blaze	32,560	-	-	-	-	-	32,560
R Wadley	77,800	-	-	-	-	-	77,800
P Burton	32,225	-	-	-	-	-	32,225
B Johnson <sup>1</sup>	-	-	-	-	-	-	-
Total	142,585	-	-	-	-	-	142,585
<b>2013</b>	Salary & fees \$	Non – Monetary \$	Other Cash Benefits \$	\$	Superannuation \$	\$	\$
Non executive Directors							
N Blaze	33,959	-	-	-	-	-	33,959
R Wadley	60,508	-	-	-	-	-	60,508
P Burton	38,625	-	-	-	-	-	38,625
Total	133,092	-	-	-	-	-	133,092

<sup>1</sup> Mr Johnson joined the Company as a Director on 19 December 2013 and resigned on 19 August 2014

## Remuneration Report (Audited) (cont'd)

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	-	-	-	-	-	-	-

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

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	-	-	-	-	-	-

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.

## Remuneration Report (Audited) (cont'd)

### Key management personnel (cont'd)

#### *Key terms of employment contracts*

All executives of the Company are employed under a letter of appointment / service agreements with a minimum 1 month (or otherwise mutually agreed time period) notice period required to terminate the appointment. The letters of appointment do not contain specified option incentive entitlements.

Other major provisions of the agreements relating to remuneration are set out below.

### End of Audited Remuneration Report

### Employees

The consolidated entity didn't have any employees as at 30 June 2014. (2013: Nil).

### Proceedings on Behalf of Company

No person has applied for leave of the Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

### Subsequent events

The Company announced on 26 August 2014 that it had signed an agreement to acquire ADX Management Pty Ltd and become the manager of a major data centre trust holding about 35% of the units in the trust. Due to the proposed significant change in the nature of the business, the management and the ownership, the Company will seek approval for the transaction from shareholders and will need to re-comply with the requirements of ASX Listing Rules Chapters 1 and 2. The Company will be issuing a prospectus for an Equity Capital Raising to enable the Company to complete the acquisition and support the proposed strategy.

### Non-audit services

There were no non-audit services during the year.

- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.


Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 6 to the financial statements.

### Auditor's independence declaration

The auditor's independence declaration is included on page 23 of the financial report.

Signed in accordance with a resolution of the directors made pursuant to s298 (2) of the Corporations Act 2001.

On behalf of the Directors:



Nigel Blaze  
Chairman  
Melbourne,  
30 September 2014

The Board of Directors  
IM Medical Limited  
Level 40, 140 William Street  
Melbourne VIC 3000

30 September 2014

Dear Board Members

**IM Medical Limited**

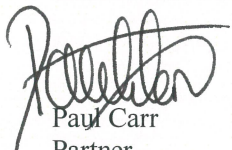
In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of IM Medical Limited.

As lead audit partner for the audit of the financial statements of IM Medical Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

  
DELOITTE TOUCHE TOHMATSU

  
Paul Carr  
Partner  
Chartered Accountants

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## **Independent Auditor's Report to the Members of IM Medical Limited**

### *Report on the Financial Report*

We have audited the accompanying financial report of IM Medical Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 26 to 52.

### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## *Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of IM Medical Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

## *Opinion*

In our opinion:

- (a) the financial report of IM Medical Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2014 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

## *Material Uncertainty Regarding Continuance as a Going Concern*

Without modifying our opinion, we draw attention to Note 1 in the financial report which states that the consolidated entity incurred a net loss of \$404,293 (2013: \$446,489) and incurred negative cash flows from operations of \$383,231 (2013: \$396,650) during the period ended 30 June 2014. As at 30 June 2014, the consolidated entity had an excess of current assets over current liabilities of \$54,834 (30 June 2013: \$226,007), and accumulated losses of \$21,989,510 (30 June 2013: \$21,585,217). These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the company's and consolidated entity's ability to continue as going concerns and therefore, the company and consolidated entity may be unable to realise their assets and extinguish their liabilities in the normal course of business.

## **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 17 to 22 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## *Opinion*

In our opinion the Remuneration Report of IM Medical Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

DELOITTE TOUCHE TOHMATSU  
DELOITTE TOUCHE TOHMATSU

Paul Carr

Partner

Chartered Accountants

Melbourne, 30 September 2014

## Directors' Declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) in the directors' opinion, the attached financial statements and notes thereto, are in accordance with the Corporations Act 2001, including compliance with Accounting Standards and give a true and fair view of the financial position and performance of the company and of the consolidated entity;
- (c) in the directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as described in Note 1 to the financial statements; and
- (d) the directors have been given declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s295 (5) of the Corporations Act 2001.

On behalf of the Directors



Nigel Blaze  
Chairman

Melbourne  
30 September 2014

Statement of profit or loss and other 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	(196,501)	(184,873)	(195,077)	(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)
		(404,342)	(450,342)	(240,999)	(345,678)
Loss before income tax		(404,293)	(446,489)	(240,971)	(343,397)
Income tax (expense)/benefit	4	-	-	-	-
Loss for the year from continuing operations		(404,293)	(446,489)	(240,971)	(343,397)
Loss for the year		(404,293)	(446,489)	(240,971)	(343,397)
Other comprehensive (loss)/income for the year		-	-	-	-
Total comprehensive (loss)/income for the year		(404,293)	(446,489)	(240,971)	(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	45,420	36,533	45,420	36,533
<b>Total current liabilities</b>		<b>45,420</b>	<b>36,533</b>	<b>45,420</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>45,420</b>	<b>36,533</b>	<b>45,420</b>	<b>36,533</b>
<b>Net assets</b>		<b>54,834</b>	<b>226,007</b>	<b>700</b>	<b>8,551</b>
<b>Equity</b>					
Issued capital	5	22,044,344	21,811,224	22,044,344	21,811,224
Accumulated losses	11	(21,989,510)	(21,585,217)	(22,043,644)	(21,802,673)
<b>Total equity</b>		<b>54,834</b>	<b>226,007</b>	<b>700</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		-	(404,293)	(404,293)
Shares issued (net of cost)	5	233,120	-	233,120
<b>Balance as 30 June 2014</b>		<b>22,044,344</b>	<b>(21,989,510)</b>	<b>54,834</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>
Total comprehensive loss for the year		-	(240,971)	(240,971)
Shares issued (net of cost)	5	233,120	-	233,120
<b>Balance as 30 June 2014</b>		<b>22,044,344</b>	<b>(22,043,644)</b>	<b>700</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)	(400,503)	(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

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7	Current trade and other receivables
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## 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.

At 30 June 2014 the consolidated entity has an excess of current assets over current liabilities of \$54,834 (30 June 2013: \$226,007), for the year ended 30 June 2014 it recorded net losses of \$404,293 (30 June 2013: \$446,489) and incurred negative cash flows from operations of \$383,231 (30 June 2013: \$396,650). As at 30 June 2014 the consolidated entity has accumulated losses of \$21,989,510 (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 without any additional funding.

The consolidated entity has entered into a convertible loan facility (“Facility”) with parties associated with the proposed transaction outlined below. The key terms of the Facility include:

- The term of the Facility is to 31 December 2014 (“Term”)
- The principal amount of \$200,000 (“Principal Amount”) maybe drawn down on 7 days prior written notice by the Group to the lender, to a bank account nominated by the Group, except that not more than 50% of the Principal Amount may be drawn down in any 30 day period
- Subject to certain conditions the monies outstanding may be repaid by the Group by the issue of IMI fully paid ordinary shares at an issue price of \$0.002 per share

Funds raised under the Facility will be used to support the consolidated entity’s working capital requirements until the completion of the proposed equity capital raising announced on 26 August 2014. The proposed equity capital raising is forecast to complete in late November 2014.



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

On 26 August 2014 the Company announced that it entered into a binding agreement (which is still subject to the conditions precedent set out below) 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:

- Completion of a minimum \$6.0 million equity capital raising by the Company (for which a conditional underwriting agreement has been entered into);
- A contract for the purchase of the Tullamarine property by the Australian Data Exchange Property Trust (the "Trust") for \$29m (inclusive of acquisition costs), 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 (estimated development and financing costs of \$35m) and refinance \$4.2 million of existing debt;
- Completion of the transfer of the Brisbane data centre site to the Trust (estimated development and financing costs of \$45m);
- 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;
- Shareholder approval; and
- Re-admission to the official list of the ASX.

The directors believe these conditions precedent will be achieved in accordance with the board's timeline.

However, to complete the Transaction and the capital raise, the consolidated entity will potentially need to incur additional 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 November 2014 when the funds from the capital raising are anticipated to be received. Accordingly it is reasonably likely that additional funds will be required to provide sufficient working capital to the consolidated entity to complete the Transaction and the capital raising. 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 to fund working capital, and complete 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 Company and the consolidated entity will be able to continue as going concerns. 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 any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company and consolidated entity not continue as going concerns.

## 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 10 'Consolidated 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 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. 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.

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

### f. 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.

### g. 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.

### h. 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.

### i. 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

### j. 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.

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

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.

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 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.

### **k. 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.

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

### I. 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.

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.

### m. 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.

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.

### n. 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.

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

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 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)

### AASB 10 'Consolidated Financial Statements'

The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. Application of AASB 10 did not result in any change in the constitution of the consolidated entity.

### AASB 12 'Disclosure of Interests in Other Entities'

The consolidated entity has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'.

### AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement

The consolidated entity has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

### (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 <sup>1</sup>	1 January 2018	30 June 2019
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015
INT 21 'Levies'	1 January 2014	30 June 2015



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

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2014-1 'Amendments to Australian Accounting Standards'	1 July 2014	30 June 2015
- Part A: 'Annual Improvements 2010–2012 and 2011–2013 Cycles'		
- Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)'		
- Part C: 'Materiality'		
AASB 2014-1 'Amendments to Australian Accounting Standards' – Part D: 'Consequential Amendments arising from AASB 14'	1 January 2016	30 June 2017
AASB 2014-1 'Amendments to Australian Accounting Standards' – Part E: 'Financial Instruments'	1 January 2015	30 June 2016
AASB 14 'Regulatory Deferral Accounts'	1 January 2016	30 June 2017
<p>The AASB has issued the following versions of AASB 9 and the relevant amending standards:</p> <ul style="list-style-type: none"> <li>AASB 9 'Financial Instruments' (December 2009), AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures'</li> <li>AASB 9 'Financial Instruments' (December 2010), AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosure'</li> <li>In December 2013 the AASB issued AASB 2013-9 'Amendment to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments', Part C – Financial Instruments. This amending standard has amended the mandatory effective date of AASB 9 to 1 January 2017. For annual reporting periods beginning before 1 January 2017, an entity may early adopt either AASB 9 (December 2009) or AASB 9 (December 2010) and the relevant amending standards.</li> <li>In June 2014 the AASB issued AASB 2014-1 'Amendment to Australian Accounting Standards', Part E – Financial Instruments. This amending standard has amended the mandatory effective date of AASB 9 to 1 January 2018. For annual reporting periods beginning before 1 January 2018, an entity may early adopt either AASB 9 (December 2009) or AASB 9 (December 2010) and the relevant amending standards.</li> </ul>		
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.		
IFRS 15 'Revenue from Contracts with Customers'	1 January 2017	30 June 2018
IFRS 9 Financial Instruments	1 January 2018	30 June 2019
Equity Method in Separate Financial Statements (Amendments to IAS 27)	1 January 2016	30 June 2017
Narrow-scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011)	1 January 2016	30 June 2017
No significant impact is expected on the Group's results with present activity.		

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

### (q) Goods and services tax

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

- i. 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
- ii. 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.

### (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	156,056	143,680	154,632	145,783
Share registry and listing expenses	40,445	41,193	40,445	41,193
<b>Total corporate administration</b>	<b>196,501</b>	<b>184,873</b>	<b>195,077</b>	<b>186,976</b>

#### 4. Income Tax

	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$

**(a) Income tax recognised in the statement of comprehensive income**

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) 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:**

Loss from continuing operations	(404,293)	(446,489)	(240,971)	(343,397)
Income tax benefit calculated at 30% (2013: 30%)	(121,288)	(133,946)	(72,291)	(103,019)
Non deductible expenses	-	-	-	-
Tax losses not recognised as deferred tax assets	121,288	133,946	72,291	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
	\$	\$	\$	\$

**(c) Amounts recognised directly in equity**

Aggregate current and deferred tax arising in the reporting period and recognised directly into equity

-	-	-	-
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**(d) Deferred tax balances**

Deferred tax assets comprise:

**Temporary differences**

Accruals	-	-	-	-
Provisions	-	-	-	-
Total Temporary differences	-	-	-	-

**(e) Unrecognised deferred tax balances**

The following deferred tax assets have not been brought to account as assets:

Tax losses	1,045,632	924,344	1,060,506	988,206
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**(f) Franking account balance**

	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	21,810,949
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)	74,975	50,475	74,975	50,475
Taxation services	-	-	-	-
	<b>74,975</b>	<b>50,475</b>	<b>74,975</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	6,078	6,670
	<b>13,210</b>	<b>14,912</b>	<b>6,078</b>	<b>6,670</b>
<b><u>Ageing of past due trade receivables but not impaired</u></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	-	-	<b>100</b>	<b>100</b>

IM Medical Limited has a 100% equity interest in eCardio Pty Ltd (2013: 100%).

## 10. Current trade and other payables

	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Trade payables (i)	43,357	21,140	43,357	21,140
Director related accruals	2,063	15,393	2,063	15,393
	<b>45,420</b>	<b>36,533</b>	<b>45,420</b>	<b>36,533</b>

(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	(404,293)	(446,489)	(240,971)	(343,397)
<b>Balance at the end of the financial year</b>	<b>(21,989,510)</b>	<b>(21,585,217)</b>	<b>(22,043,644)</b>	<b>(21,802,673)</b>

## 12. Earnings per share

	Consolidated	
	2014	2013
	Cents	Cents
<i>From continuing and discontinuing operations:</i>		
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	(404,293)	(446,489)
Net loss used in the calculation of basic and diluted EPS – Continuing Operations	(404,293)	(446,489)

## 12. Earnings per share (cont'd)

	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	(404,293)	(386,489)
<b>Discontinuing operations</b>				
Intelliheart tests	-	-	-	(60,000)
Loss before tax			(404,293)	(446,489)
Income tax (expense)/benefit			-	-
Consolidated segment revenue and loss for the period	49	3,853	(404,293)	(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>				
Intelliheart	-	-	-	-
Total segment assets and liabilities	-	-	-	-
Corporate assets	100,254	262,540	45,420	36,533
Total assets	100,254	262,540	45,420	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 activities after tax	(404,293)	(446,489)	(240,971)	(343,397)
<u>Non-cash items</u>				
Depreciation, amortisation and impairment	-	60,000	(161,768)	(55,788)
<u>Change in assets and liabilities net of acquisitions:</u>				
(Increase)/Decrease in receivables	1,702	(1,670)	592	6,273
Increase/(Decrease) in payables	11,261	(40,909)	8,887	(11,077)
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 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.

The Company has entered into a standby convertible loan agreement under which certain investors have agreed to provide up to \$200,000 in funds to the Company. The convertible loan will accrue interest at 10% per annum. Subject to shareholder approval, the loan funds will be convertible into IMI shares at 0.2 cents per share. The investors are parties associated with the promoters of the proposed data centre investment. Conversion of the loan funds into equity is subject to shareholder approval. Following shareholder approval, the investors may request conversion of the securities into equity at 0.2 cents per share at any time, and the conversion will be automatic if the funds advanced are not repaid by 31 December 2014. If not converted prior, the Company intends to repay the funds advanced using proceeds from the proposed Equity Raising.

## 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



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

(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

(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	-	-	-	-	-	-	-

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

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

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. 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.

### 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:

	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
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)	54,834	226,007	700	8,551
Net debt to equity ratio	(170.2%)	(109.5%)	(558.9%)	(272.3%)

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

### (b) Categories of financial instruments

	Consolidated		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
<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	45,420	36,533	45,420	36,533
	45,420	36,533	45,420	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 \$Nil and increase by \$Nil (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	45,420	36,533	45,420	36,533
6-12 months	-	-	-	-
1-5 years	-	-	-	-
	45,420	36,533	45,420	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

## Additional stock exchange information

Additional information required by the Australian Stock Exchange and not shown elsewhere in this report is as follows.

The information is current as at 31 July 2013.

### Ordinary share capital

- 828,437,692 ordinary shares held by 4,997 holders
- All issued ordinary shares carry one vote per share

### Distribution of holders of equity securities

	Number of shareholders	Number of fully paid ordinary share
1 to 1,000	1,994	690,117
1,001 to 5,000	1,344	3,542,103
5,000 to 10,000	483	3,700,143
10,001 to 100,000	755	23,658,818
100,001 and over	340	920,974,039
<b>Total</b>	<b>4,916</b>	<b>952,565,220</b>

### Twenty largest holders

*Issued equity securities*

#	Ordinary Shareholder	Number of shares	%
1	AVIEMORE CAP PL	80,000,000	8.40%
2	TWO TOPS PL	44,500,000	4.67%
3	JASPER HILL RES PL	36,839,032	3.87%
4	MANFORD MICHAEL FRANK	28,617,025	3.00%
5	SCALISE HLDGS PL	23,992,001	2.52%
6	HOPPSCOTCH PL	22,193,763	2.33%
7	NICK CONIDI PL	19,222,401	2.02%
8	IDINOC PL	19,222,401	2.02%
9	TALEX INV PL	18,979,115	1.99%
10	CORNELA PL	16,450,000	1.73%
11	SWOOPER PL	15,975,041	1.68%
12	KIDMAN JANE CHRISTABEL	15,500,000	1.63%
13	T T NICHOLLS PL	15,280,010	1.60%
14	RETZOS INV PL	15,000,000	1.57%
15	ROVUMA INV LTD	14,100,000	1.48%
16	SCE SUPER PL	13,696,007	1.44%
17	HARGRAVE STREET PL	12,500,000	1.31%
18	DOBREE NICHOLAS PAUL	12,400,000	1.30%
19	HARGRAVE STREET PL	11,141,177	1.17%
20	HONSHO PL	11,000,000	1.15%
<b>TOTAL</b>		<b>446,607,973</b>	<b>46.88%</b>

## Additional stock exchange information (cont'd)

### Options *Unlisted*

- Nil

### Options *listed*

- 717,713,008 Options exercisable at \$0.01 with expiry on 30 September 2016.

### Twenty largest holders

#	Listed Optionholder	Number of options	%
1	AVIEMORE CAP PL	80,000,000	11.15%
2	TOPSFIELD PL	44,500,000	6.20%
3	NICK CONIDI PL	29,000,000	4.04%
4	MANFORD MICHAEL FRANK	25,957,450	3.62%
5	JASPER HILL RES PL	22,833,456	3.18%
6	BAHEN MARK JOHN + M P	20,211,744	2.82%
7	SCALISE HLDGS PL	20,000,000	2.79%
8	KINGSLANE PL	20,000,000	2.79%
9	HARGRAVE STREET PL	18,141,177	2.53%
10	WYLIE ALEXANDER FLEMING	16,119,540	2.25%
11	HOPPSCOTCH PL	15,083,762	2.10%
12	CORNELA PL	14,100,000	1.96%
13	ROVUMA INV LTD	14,100,000	1.96%
14	T T NICHOLLS PL	13,752,009	1.92%
15	GOFFACAN PL	12,447,200	1.73%
16	BLU BONE PL	12,305,328	1.71%
17	SCE SUPER PL	12,168,006	1.70%
18	ST MORITZ 1985 PL	10,000,000	1.39%
19	FLUE HLDGS PL	10,000,000	1.39%
20	GREATSIDE HLDGS PL	10,000,000	1.39%
<b>TOTAL</b>		<b>420,719,672</b>	<b>58.62%</b>

Distribution of holders of options	Number of option holders	Number of options
1 to 1,000	20	8,500
1,001 to 5,000	74	218,482
5,000 to 10,000	49	374,102
10,001 to 100,000	179	6,686,943
100,001 and over	164	710,424,981
<b>Total</b>	<b>486</b>	<b>717,713,008</b>