Appendix 4D

Half Year Report
For The Period Ended 31 December 2014
(Previous corresponding period: Half Year End 31 December 2013)

This Half Year Report is provided to the
Australian Stock Exchange (ASX) under ASX Listing Rule 4.2A.3.

Results for Announcement to The Market

Revenue and Net Profit/(Loss)

		Percentage Change %		Amount $
Revenues from continuing operations	Down	99%	To	$9
Loss from continuing activities after income tax attributable to members	Down	7%	To	($238,287)
Net loss attributable to members	Down	7%	To	($238,287)

Dividends (Distributions)

	Amount per security	Franked amount per security
Interim dividend	Nil	N/A
The record date for determining entitlements to the final dividend is	N/A	N/A
Previous corresponding period		
Interim dividend	Nil	N/A

Brief explanation necessary to enable the above to be understood

The net loss after tax for the period was $238,287 compared to a loss of $256,815 for the same period last year.

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Net Tangible Assets per Security

Net tangible assets per security (with comparative figure for the previous corresponding period):

	Current period	Previous corresponding period
Net tangible assets security	$0.0002 cents	$0.0004 cents

In December 2014 the Company issued a Convertible Note to raise $300,000. Subject to shareholder approval, the convertible loan will convert into IMI shares at $0.0015 per share. Investors in the convertible loan will also receive one free attaching option for every share on conversion, exercisable at 25 cents (post proposed share consolidation) on or before 31 March 2019.

The accounts attached have been subject to a review.

This half yearly report is to be read in conjunction with the half-year financial report and the most recent annual financial report.

IM MEDICAL LIMITED

ABN: 47 009 436 908

Financial Report for the Half-year ended 31 December 2014

Directors' report

The directors of IM Medical Limited (the Company) submit herewith the financial report of the Company and its subsidiaries (the Consolidated entity) for the half-year ended 31 December 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Director names

The names of the directors of the Company during the half-year and until the date of this report are below. All directors were in office for the entire period, unless otherwise stated.

Mr Nigel Blaze

Mr Brett Johnson (resigned 19 August 2014)

Mr Richard Wadley

Mr Paul Burton

Review and results of operations

(a) Review and results of operations

The loss for the half-year was $238,287 compared to a loss of $256,815 for the corresponding period.

(b) Future development

On December 24 IMI Limited announced that it has entered into an agreement to acquire Syncom Pty Ltd ("Syncom") via a reverse takeover.

Syncom, through its subsidiary companies and group businesses, is a leading Australian based provider of managed IT services including enterprise grade dedicated and virtual server hosting, secure co-location services, high capacity network access, scalable cloud services utilising VMware software, data processing infrastructure, web hosting services and data storage devices to a wide range of corporate customers. Syncom operates 7,500 dedicated and virtual servers on behalf of 35,000 customers.

The Syncom group includes a number of businesses serving the rapidly growing managed services sector including:

- iCentre - provides wholesale data centre services such as co-location and IP transit services for the individual through to large corporates at its secure co-location data centre facility in Milton, Brisbane;
- Indigo - provides enterprise grade server hardware from its Sydney data-centre, Indigo cloud infrastructure and co-location services - with a network of over 1500 dedicated and virtual servers Indigo is one of the largest dedicated hosting providers in Australia;
- IntaServe - provides fast and reliable web hosting and affordable domain registration; and
- Dedicated Servers - the original and largest provider of dedicated servers, and now powers more Australian Web Hosting companies than any other provider in Australia.

Syncom operates world-class data-centres in the heart of Sydney at Global Switch in Ultimo and Vocus DC in Alexandria and in Brisbane at Milton, and has a binding agreement to lease and operate the Datacom data centre facility at St Leonards in Sydney.

The Australian data centre services market is expected to grow at a CAGR of 14% from 2013 to 2020 to reach A$1,737m by 2020 with Managed Hosting growing more rapidly than Co-location services[1]. Globally, cloud data centre traffic will grow at a faster rate (35% CAGR) or 4.5-fold growth from 2012 to 2017[2].

The Board believes that the entry into the data centre services market via the proposed acquisition of Syncom is in the interests of IMI shareholders and will prove to be a very positive step for the Company.

[1] Frost & Sullivan 2014

2 Cisco Global Cloud Index 2012-2017

Future development continued

The all scrip acquisition of Syncom is subject to shareholder approval and certain conditions precedent. The agreement is subject to a number of conditions including:

- satisfactory financial, legal, technical and commercial due diligence investigations by both Syncom and IMI;
- entering into definitive transaction documentation to the satisfaction of both parties;
- completion of the transfer of certain operating companies and assets to Syncom prior to completion;
- completion of a minimum of $3.0 million equity capital raising by IMI that is proposed to be underwritten ("Equity Capital Raising");
- IMI 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.

IMI will acquire all the shares in Syncom from its existing shareholders. Consideration for the acquisition of Syncom is new IMI shares to be issued at 20 cents per share post-consolidation, with a value of approximately $10.0 million, calculated based on a multiple of 5 times the annualised and aggregate audited maintainable Earnings before Interest, Tax, Depreciation and Amortisation of Syncom for the half year to 31 December 2014.

IMI expects to dispatch a Notice of Meeting in March 2015 to seek shareholder approval for:

(i) the 1 for 125 share consolidation;
(ii) the issue of shares as consideration for the Acquisition;
(iii) the Equity Capital Raising;
(iv) change in the nature and scale of business arising from the Acquisition;
(v) change of name of IMI to Syncom Limited and associated change to the constitution;
(vi) appointment of the new directors;
(vii) other shareholder approvals as required to effect the acquisition of Syncom.
(viii) 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.
(ix) the issue of 62 million options (on a pre-consolidation basis) to investors in a share placement announced 19 December 2013. The options are exercisable at 0.25 cents (pre-consolidation) on or before 31 March 2016 ("Option").

(c) *Review of financial conditions*

Acquisition of Syncom
Over the last six months the Company has incurred corporate costs associated with the merger negotiations, leading to the conditional agreement to acquire Syncom Pty Ltd.

Convertible Note
In December 2014 the Company issued a Convertible Note to raise $300,000. Subject to shareholder approval, the convertible loan will convert into IMI shares at $0.0015 per share. Investors in the convertible loan will also receive one free attaching option for every share on conversion, exercisable at 25 cents (post-proposed share consolidation) on or before 31 March 2019.

Proposed Capital Raising
In December 2014, the Company appointed Patersons Securities as Lead Manager to a proposed $3m capital raising by way of a prospectus offer at 20¢ per share (post the proposed 1 for 125 share consolidation) to be conducted in conjunction with the acquisition of Syncom Pty Ltd. The capital raising is proposed to be underwritten and is expected to include a priority offer to IMI shareholders of $1.5million. Investors will receive 1 free listed option for every 3 shares subscribed for (exercisable at 25¢ post consolidation on or before 31 March 2019).

(d) 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.

(e) Subsequent events

At the date of this report there have been no matters subsequent to the half year end that require disclosure in this financial report.

Auditor's independence declaration

The auditor's independence declaration is included on page 16 of the half-year financial report.

Signed in accordance with a resolution of the directors and made pursuant to s306(3) of The Corporations Act 2001.
On behalf of the Board of Directors

Nigel Blaze
Director
27 February 2015
Melbourne

Directors' declaration

The directors declare that:

a) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

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

Signed in accordance with a resolution of the directors made pursuant to s303(5) of the Corporations Act 2001.

On behalf of the Board of Directors

N. L. Blaze

Nigel Blaze
Director
27 February 2015
Melbourne

Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2014

	Note	31 Dec 2014 $	31 Dec 2013 $
Continuing Operations			
Revenue		**9**	34
Corporate, legal and administration		**(158,055)**	(158,546)
Director and employee benefits		**(76,612)**	(78,000)
Other expenses		**(3,629)**	(20,303)
Loss before income tax expense		**(238,287)**	(256,815)
Income tax expense		**-**	-
Loss for the period		**(238,287)**	(256,815)
Other comprehensive income		**-**	-
Total comprehensive loss for the period		**(238,287)**	(256,815)
Continuing Operations			
Basic loss per share (cents per share)		(0.03)	(0.03)
Diluted loss per share (cents per share)		(0.03)	(0.03)

The above condensed consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the attached notes.

Condensed consolidated statement of financial position as at 31 December 2014

	Note	31 Dec 2014 $	30 June 2014 $
Current Assets			
Cash and cash equivalents		**154,350**	80,150
GST refundable		**16,222**	6,095
Sundry debtors		**7,115**	7,115
Prepayments		**-**	6,894
Total current assets		**177,687**	100,254
Total assets		**177,687**	100,254
Current liabilities			
Trade and other payables		**61,140**	45,420
Borrowings		**300,000**	-
Total current liabilities		**361,140**	45,420
Total liabilities		**361,140**	45,420
Net assets/(deficiency)		**(183,453)**	54,834
Equity			
Issued capital	2(a)	**22,044,344**	22,044,344
Accumulated losses		**(22,227,797)**	(21,989,510)
Total equity		**(183,453)**	54,834

The above condensed consolidated statement of financial position is to be read in conjunction with the attached notes.

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2014

Consolidated	Issued capital	Accumulated losses	Total
	$	$	$
Balance at 1 July 2013	21,811,224	(21,585,217)	226,007
Total comprehensive loss for the period	-	**(256,815)**	**(256,815)**
Balance as at 31 December 2013	**22,044,344**	**(21,842,032)**	**202,312**
Balance at 1 July 2014	22,044,344	(21,989,510)	54,834
Total comprehensive loss for the period	-	**(238,287)**	**(238,287)**
Balance as at 31 December 2014	**22,044,344**	**(22,227,797)**	**(183,453)**

The above condensed consolidated statement of changes in equity is to be read in conjunction with the attached notes.

Condensed consolidated statement of cash flows for the half-year ended 31 December 2014

	31 Dec 2014 $	31 Dec 2013 $
Cash Flows from Operating Activities		
Payments to suppliers and employees	**(225,809)**	(172,824)
Interest received	**9**	35
Net cash flows used in operating activities	**(225,800)**	(172,789)
Cash Flows from Financing Activities		
Proceeds from issue of convertible note	**300,000**	248,000
Payment of capital raising costs	**-**	(14,880)
Net cash flows provided by financing activities	**300,000**	233,120
Net increase in cash held	**74,200**	60,331
Cash at beginning of the financial period	**80,150**	232,635
Cash at the end of the financial period	**154,350**	292,966

The above condensed consolidated statement of cash flows is to be read in conjunction with the attached notes.

Condensed Notes to the consolidated interim financial report for the half-year ended 31 December 2014

1. Summary of significant accounting policies

Basis of Preparation

Statement of compliance

The half-year financial report is a general purpose condensed financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2014 financial report for the financial year ended 30 June 2014, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Going concern basis

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

The consolidated entity incurred a net loss of $238,287 (2013: $256,815) and incurred negative cash flows from operations of $225,800 (2013: $172,789) during the period ended 31 December 2014. As at 31 December 2014 the consolidated entity had an excess of current liabilities over current assets of $183,453 (30 June 2014 excess current assets of: $54,834), and accumulated losses of $(22,227,797) (30 June 2014: ($21,989,510)).

The directors have prepared a cash flow forecast through to February 2016. 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 the date of the anticipated acquisition in May 2015.

On 24 December 2014 the company announced that it entered into a heads of agreement to acquire 100% of Syncom Pty Ltd("Syncom"). Consideration for the acquisition of Syncom is new IMI shares to be issued at 20 cents per share post-share consolidation, with a value of approximately $10.0 million, calculated based on a multiple of 5 times the annualised and aggregate audited maintainable Earnings before Interest, Tax, Depreciation and Amortisation of Syncom for the half year to 31 December 2014.

The all scrip acquisition of Syncom is subject to shareholder approval and certain conditions precedent. The agreement is subject to a number of conditions including:

- satisfactory financial, legal, technical and commercial due diligence investigations by both Syncom and IMI;
- entering into definitive transaction documentation to the satisfaction of both parties;
- completion of the transfer of certain operating companies and assets to Syncom prior to completion;
- completion of a minimum of $3.0 million equity capital raising by IMI that is proposed to be underwritten ("Equity Capital Raising");
- IMI 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.

The Company is currently finalising experts reports, transaction documentation and the due diligence process in relation to the Transaction and this is expected to be completed in March 2015. The directors anticipate the Transaction will be completed in May 2015.

However, to complete the Transaction, the consolidated entity will need to incur additional cash outflows over and above the nominal cash outflows. Depending on the level of expenditure incurred in relation to the Transaction or future investment activities, the consolidated entity may expend its cash reserves by the end of May 2015 when the funds from the Transaction are 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.

In December 2014, the Company appointed Patersons Securities as Lead Manager to a proposed $3m capital raising by way of a prospectus offer at 20¢ per share (post the proposed 1 for 125 share consolidation) to be conducted in conjunction with the acquisition of Syncom Pty Ltd. The capital raising is proposed to be underwritten and is expected to include a priority offer to IMI shareholders of $1.5million. Investors will receive 1 free listed option for every 3 shares subscribed for (exercisable at 25¢ post consolidation on or before 31 March 2019).

Notwithstanding the circumstances and budgeted expenditure outlined above, the directors, based on discussions and correspondence with their advisors, are confident that the consolidated entity will be able to raise additional equity or source additional funds to supplement the consolidated entity's working capital if required.

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

- The successful completion of the acquisition of "Syncom" including the capital raising. Following completion of the acquisition, the generation of sufficient cash flows to fund its operations.
- The ability of the consolidated entity to raise further equity or source additional funds, to fund the working capital requirements of the consolidated entity.

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

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

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

Standards and Interpretations affecting amounts reported in the current period (and/or prior period)

The following new and revised Standards and Interpretations have been adopted in the current year and have not materially affected the amounts reported in these financial statements.

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
AASB 2014-1 'Amendments to Australian Accounting Standards' - Part A: 'Annual Improvements 2010–2012 and 2011–2013 Cycles' - Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)' Part C: 'Materiality'	1 July 2014	30 June 2015

2. Issued capital

	Company at 31 Dec 2014		Company at 30 Jun 2014	
	Number	**$**	**Number**	**$**
(a) Issued capital				
Ordinary shares fully paid	952,465,220	22,044,344	952,465,220	22,044,344
Share option reserve	717,713,008	-	717,713,008	-
		22,044,344		22,044,344
(b) Movements in shares on issue				
Balance at beginning of the financial period	952,465,220	22,044,344	828,465,220	21,811,224
Issue of shares	-	-	124,000,000	248,000
Less transaction costs		-		(14,880)
Exercise of options	-	-	-	-
Balance at the end of the financial period	**952,465,220**	**22,044,344**	952,465,220	22,044,344

	Consolidated 31 Dec 2014		Consolidated 30 Jun 2014	
	Number	**$**	**Number**	**$**
(c) Movements in share option reserve				
Balance at beginning of the financial period	**717,713,008**	-	810,496,170	-
Expiration of options	-	-	(92,783,162)	-
Balance at the end of the financial period	**717,713,008**	-	717,713,008	-

3. Subsequent events

At the date of this report there have been no matters subsequent to the half year end that require disclosure in this financial report.

4. Dividends

The Directors resolved not to declare any dividends for the period ended 31 December 2014 (31 December 2013: Nil).

5. Borrowings

	31 Dec 2014 $	30 June 2014 $
Convertible note	**300,000**	-

On 23 December 2014 the company entered into a convertible note for $300,000. The deed requires mandatory conversion to 2,000,000 shares at $0.0015 per share. The conversion requires approval by the shareholders at the special general meeting expected to be held in April 2015. Directors anticipate that the conversion will be approved by shareholders. Upon conversion to shares the loan will be reclassified to equity within the Consolidated Statement of Financial Position. In the event that the conversion is not approved then the loan becomes payable with interest accruing at a rate of 10% from the date the loan was advanced to the company.

6. Segment information

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

	Revenue		Segment loss	
	Half –year ended		Half –year ended	
	31 Dec 2014 $	31 Dec 2013 $	31 Dec 2014 $	31 Dec 2013 $
Continuing operations				
Corporate	9	34	(238,287)	(256,815)
Discontinuing operations				
Intelliheart tests	-	-	-	-
Loss before tax			(238,287)	(256,815)
Income tax expense			-	-
Consolidated segment revenue and loss for the period	9	34	(238,287)	(256,815)

The following is an analysis of the Consolidated entity's assets and liabilities by reportable operating segment:

	Assets		Liabilities	
	31 Dec 2014 $	30 June 2014 $	31 Dec 2014 $	30 June 2014 $
Continuing operations				
Corporate	177,687	100,254	361,140	45,420
Total segment assets	177,687	100,254	361,140	45,420

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The Board of Directors
IM Medical Limited
Level 40, 140 Williams Street
MELBOURNE VIC 3000

27 February 2015

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 review of the financial statements of IM Medical Limited for the half-year ended 31 December 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 review; and

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

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Rachel Smith
Partner
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Independent Auditor's Review Report to the Members of IM Medical Limited

We have reviewed the accompanying half-year financial report of IM Medical Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2014, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 15.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of IM Medical Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

In conducting our review, 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 review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of IM Medical Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuance as a Going Concern

Without modifying our conclusion, we draw attention to Note 1 in the financial report which states that the consolidated entity incurred a net loss of $238,287 (31 December 2013: $256,815) and incurred negative cash flows from operations of $225,800 (31 December 2013: $172,789) during the period ended 31 December 2014. As at 31 December 2014, the consolidated entity had an excess of current liabilities over current assets of $183,453 (30 June 2014 excess current assets of $54,834), and accumulated losses of $22,227,797 (30 June 2014: $ 21,989,510). 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 consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and extinguish its liabilities in the normal course of business.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Rachel Smith
Partner
Chartered Accountants
Melbourne, 27 February 2015