
SUPPLEMENTARY PROSPECTUS

IM Medical Limited ACN 009 436 908

1. Important Information

This Supplementary Prospectus is dated 24 June 2015 and is supplementary to the prospectus dated 11 June 2015 (**Prospectus**) issued by IM Medical Limited (ACN 009 436 908) (**Company**).

This Supplementary Prospectus was lodged with the Australian Securities and Investments Commission (**ASIC**) on 24 June 2015. ASIC does not take any responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus must be read together with the Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail. Terms defined in the Prospectus have the same meaning where used in this Supplementary Prospectus. For the avoidance of doubt, references to 'Section' in this Supplementary Prospectus mean references to that section of the Prospectus, unless otherwise stated.

This document is important and should be read in its entirety. Please consult your legal, financial or other professional adviser if you do not fully understand the contents.

Other than the changes set out below, all other details in relation to the Prospectus remain unchanged.

2. Reasons for Supplementary Prospectus

2.1 Purpose of this document

The purpose of this Supplementary Prospectus is to:

- (a) provide a summary of the effect of the Offers on control of the Company and dilution;
- (b) update the Pro-forma financial information provided in relation to the Company to classify convertible notes currently on issue by the Company as debt rather than equity;
- (c) provide further information in relation to the conditions precedent under the Underwriting Agreement; and
- (d) correct a typographical error in Section 5.8(c) of the Prospectus.

2.2 Application Forms

As the content of this Supplementary Prospectus is not considered to be materially adverse to investors:

- (a) applications for Securities under the Offers must be made using the Application Form attached to or accompanying the Prospectus (see the Application Form and Section 2

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of the Prospectus for detailed instructions on how to complete the Application Form and return it by the Closing Date); and

- (b) applicants who have already subscribed for Shares under the Prospectus to the date of this Supplementary Prospectus do not need to take any action.

3. Amendments to the Prospectus

3.1 Effect on control and dilution

Section 4 of the Prospectus is amended by inserting the following as a new Section 4.1A immediately before Section 4.2:

4.1A Effect on control and dilution

The effect of the Offers on control of the Company will vary with the number of Shares taken up by Eligible Shareholders under the SPP Offer and the number of Shares taken up under the Top-up Placement Offer.

Eligible Shareholders who do not participate in the SPP Offer will be diluted.

None of the Directors currently holds any Shares or Options, and none of the Directors will begin to hold any Shares or Options as a result of the Offers.

The Company currently only has one Shareholder who holds more than 5% of the Shares on issue, being Avimore Capital Pty Ltd with a holding of 80,000,000 Shares and 80,000,000 Options. Avimore is not a related party of the Company, the Underwriter or any of the sub-underwriters of the SPP Offer. Avimore's voting power in the Company cannot increase as a result of the Offers. Following completion of the Offers, if Avimore takes up its full entitlement under the SPP Offer and the Top-up Placement Offer is fully subscribed, Avimore will hold 110,000,000 Shares, being 4.27% of the issued Shares in the Company.

If Eligible Shareholders do not take up their full entitlement under the SPP Offer, one or more of the sub-underwriters of the SPP Offer may become substantial Shareholders (ie, Shareholders with voting power of 5% or more in the Company), but none of them will have voting power in the Company of 20% or more.

3.2 Updating Pro Forma State of Financial Position

The pro-forma statement of financial position included in Section 4.2 of the Prospectus was based on management accounts of the Company which classified convertible notes issued by the Company as equity rather than debt. The notes should have been classified in those accounts as a liability of the Company.

Accordingly, Section 4 of the Prospectus is amended by deleting the pro forma statement of financial position and the notes to the pro forma statement of the financial position and replacing them with the following:

Consolidated \$000's	IM Medical Ltd (Unaudited Management Report)	Pro-forma Adjustments	Pro-forma post Offers
Assets			
Current Assets			
Cash at Bank	120	282	402
Sundry debtors	10		10
	<u>130</u>	<u>282</u>	<u>412</u>
Non-current assets			
Total Non-current assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>130</u>	<u>282</u>	<u>412</u>
Liabilities			
Trade Creditors	80		80
Convertible Notes	300	(300)	-
Total Current Liabilities	<u>380</u>	<u>(300)</u>	<u>80</u>
Non-Current liabilities			
Total Non Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets	<u>(250)</u>	<u>582</u>	<u>332</u>
Equity			
Shares Issued	24,350	813	25,163
Cost of Issue	-	(145)	(145)
In-specie Distribution	(2,307)	-	(2,307)
Notes	-	-	-
Accumulated losses	(22,293)	(86)	(22,379)
Total Equity	<u>(250)</u>	<u>582</u>	<u>332</u>

Pro Forma Adjustments

The pro forma statement of financial position has been prepared based on the unaudited statement of financial position as at 31 March 2015 that has been adjusted to reflect the following transactions and events relating to the issue of Shares and New Options under this Prospectus:

- (a) Receipt of proceeds of the Offers net of capital raising costs of \$605,000 (gross proceeds of the Offers are \$750,000 and capital raising costs associated with both the SPP Offer and Top-up Placement Offer are expected to be \$145,000), on the assumption that the Top-up Placement Offer is fully taken up.

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- (b) Repayment of the \$300,000 Converting Loan including a redemption payment of \$60,000 and accrued interest of 15% p.a. from 24 December 2014 to 22 July 2015 of \$25,890.

3.3 Updating information on arrangements with the Underwriter

As noted in Section 5.3 of the Prospectus, the Underwriting Agreement remains conditional upon Shareholder approval of the Offers at the Shareholder Meeting.

The Underwriter's obligation to underwrite the SPP Offer was previously conditional upon the Underwriter entering into sub-underwriting agreements with sub-underwriters on terms and conditions satisfactory to the Underwriter (in its sole and absolute discretion) for the entire amount of the SPP Offer.

This condition precedent was fully satisfied prior to the date of the Prospectus, and the Underwriter has waived its right to refuse to apply for the Shortfall under the Underwriting Agreement if this condition ceases to be satisfied or fulfilled at any time prior to completion of the SPP Offer.

The Underwriter's rights and obligations under the Underwriting Agreement are otherwise unchanged.

3.4 Updating information on Remuneration of directors

Section 5.8(c) of the Prospectus incorrectly stated the total remuneration of Directors Nigel Blaze and Richard Wadley for the 2014/2015 financial year as a result of a typographical error. The amount listed in the salary and fees column of the table for that financial year was correct, but the total was not correct. Accordingly, Section 5.8 of the Prospectus is amended by deleting the table in that Section and replacing it with the following:

Directors	Year	Salary & Fees \$	Superannuation \$	Share Based Payments \$	Total \$
Nigel Blaze	2014/2015	29,789 ⁽¹⁾	-	-	29,789
	2013/2014	32,560	-	-	32,560
Richard Wadley	2014/2015	63,053 ⁽²⁾			63,053
	2013/2014	77,800	-	-	77,800
Paul Burton	2014/2015	25,145 ⁽³⁾			25,145
	2013/2014	33,225	-	-	33,225

(1) \$21,456 paid, \$8,333 accrued.

(2) \$39,999 paid, \$23,653 accrued.

(3) \$16,812 paid, \$8,333 accrued.

4. Directors' Authorisation

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with the ASIC.

This Supplementary Prospectus is signed for and on behalf of Company by:

A handwritten signature in black ink, appearing to read 'R. Wadley', is positioned above the printed name of the signatory.

Richard Wadley, Director and Company Secretary

24 June 2015