

28 April 2011

Manager of Company Announcements,  
ASX Limited  
Level 6, 20 Bridge Street

**Summary of Company's activities for the period ended March 31 2011.**

During the March 2011 quarter the company announced a number of strategic changes intended to recapitalise and reposition the company.

- On April 16, 2011 IMI announced a recapitalisation and restructure initiative whereby the Company:
  - (a) raised \$750,000 by way of Converting Loans which will convert into shares and options in the Company;
  - (b) intends to undertake a 1 for 15 share consolidation; and
  - (c) intends to undertake an underwritten pro rata entitlement offer to raise a further \$1.85 million before costs.
- On March 25, 2011 IMI announced it has signed a Heads of Agreement with Capitol Health Limited in relation to the acquisition by Capitol of the Radiology operations of IMI in exchange for the issue of 45.56 million CAJ ordinary shares to IMI and performance based cash bonus payments. IMI has entered into an agreement for Capitol Health to manage its Radiology operations in the intervening period.
- On March 23, 2011 Messrs Nigel Blaze', Paul Quarrell and Richard Wadley accepted invitations to join the board as independent Non-Executive Directors. As a result Messrs Peter Jess and Mr Serge Del Vecchio announced their resignation from the Board.

The Company intends to convene a General Meeting of its shareholders in late May or early June 2011 to seek shareholder approval for the above arrangements. By completing the proposed arrangements, the Company expects to be in a stronger position to explore new opportunities to create shareholder value.

At the end of the March Quarter, the company had cash balances of \$0.117m.

Richard Wadley  
Company Secretary

**Appendix 4C**  
**Quarterly report**  
**for entities admitted**  
**on the basis of commitments**

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

**IM Medical Limited**

ABN

47 009 436 908

Quarter ended ("current quarter")

31 March 2011

**Consolidated statement of cash flows**

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers	1,340	3,196
1.2 Payments for		
(a) staff costs	(809)	(2,344)
(b) advertising and marketing	-	-
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(502)	(1,442)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	1
1.5 Interest and other costs of finance paid	(3)	(5)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material) Termination and severance payments – one off	-	-
<b>Net operating cash flows</b>	<b>26</b>	<b>(594)</b>

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	<b>26</b>	<b>(594)</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	(127)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	32
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>(95)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>26</b>	<b>(689)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	-	683
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	105
1.18 Repayment of borrowings	(6)	(11)
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
<b>Net financing cash flows</b>	<b>(6)</b>	<b>777</b>
<b>Net increase (decrease) in cash held</b>	<b>20</b>	<b>88</b>
1.21 Cash at beginning of quarter/year to date	97	29
1.22 Exchange rate adjustments to item 1.20	-	-
<b>1.23 Cash at end of quarter</b>	<b>117</b>	<b>117</b>

+ See chapter 19 for defined terms.

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	50
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Salary paid to an executive director \$50,000

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

**Financing facilities available**

*Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	105	105
3.2	Credit standby arrangements	20	15

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**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	97	77
4.2 Deposits at call	20	20
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.23)	117	97

**Acquisitions and disposals of business entities**

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does ~~not~~ *(delete one)* give a true and fair view of the matters disclosed.



Sign here: .....  
 (Director/Company Secretary)

Date: 28 April 2011

Print name: Richard Wadley

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## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
  - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
  - 9.2 - itemised disclosure relating to acquisitions
  - 9.4 - itemised disclosure relating to disposals
  - 12.1(a)- policy for classification of cash items
  - 12.3 - disclosure of restrictions on use of cash
  - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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