

ASX Announcement

COMMENTARY – FULL YEAR RESULTS

Melbourne, 31 August 2012: IM Medical Limited (ASX: IMI) today announced the release of its audited financial results for the year ended 30 June 2012.

IM Medical Limited Chairman Nigel Blaze said: “This year the Board’s focus has been ensuring that the Company survives and to put the Company in a position to enable it to move forward as a profitable undertaking.

To that end the Board moved to refinance the Company through a non-renounceable pro-rata rights issue to raise up to \$3.3 million with a minimum raising of \$2.5 million. The rights issue was on the basis of 6 shares for every 1 share held at a share price of 0.5 cents per share, with a minimum subscription amount of \$2.5 million. The proceeds of the rights issue were used to pay creditors, repay the converting loan and for general working capital purposes. The rights issue, which was over subscribed enabled the Company to raise a further \$250k through a placement.

In March 2012 the Company completed the sale of the Radiology Business to Capitol Health Limited. As a result of the completion of the transaction the Company was issued 45,559,021 ordinary fully paid Capitol Health Limited shares. These were distributed on a pro-rata basis to eligible IM Medical (“IMI”) shareholders registered on 5 April 2012. This resulted in a return of approximately \$2.4m or 0.291 cents per share in capital to IMI shareholders.

Intelliheart

IMI’s other main business Intelliheart has not been profitable during the year, and as previously foreshadowed the Company is in the process of selling that business.

Future Plans

Following the completion of the recapitalisation through the rights issue and placement, the Company is investigating acquisition and investment opportunities. The Directors are considering opportunities across a range of sectors. This may well result in the Company moving away from its medical services focus. Decisions regarding any material investment or acquisition will be subject to shareholder approval in compliance with ASX requirements.

The Board will review its composition as opportunities are identified to ensure the Board has the appropriate skills and experience to implement the Company’s revitalisation strategy going forward.

Please be assured your Board is working as hard as it can to effect the restructure and protect shareholder value. The Directors look forward to your on-going support to work through this difficult period, restructure the business and seek opportunities to create shareholder value.

Audited results for announcement to the market

Name of Entity and ABN: IM Medical Limited ABN 47 009 436 908
 Reporting Period: 30 June 2012
 Previous Corresponding Period: 30 June 2011

FY12 Highlights

	2012	2011	\$ Change	% Change
Revenue generated	\$26,315	\$8.877	Up \$17,438	Up 196%
Operating loss from ordinary activities	\$(751,702)	\$(1,615,190)	Down \$863,488	Down 59.54%
Operating loss attributable to members	\$(883,813)	\$(4,068,652)	Down \$3,184,839	Down 61.46%
	30 June 2012	30 June 2011		
Net tangible assets per ordinary share (cents)	0.0008	0.0001		

No dividends have been declared.

Financial Position

IM Medical Limited Group ended the financial year with \$634k cash (2011: \$383k). Net assets at 30 June 2012 were \$672k (2011: \$593k).

For additional information, please visit www.immedical.com.au

Contact

Investors

Richard Wadley
 IM Medical Limited
 Phone +61 3 9613 4108