

## ASX ANNOUNCEMENT

### IM Medical announces results

IM Medical Limited (IMI) today announced a FY08 loss of \$5.468million following a one-off write-down on intellectual property and a full year of Cardanal development costs.

The write-down of \$1.664 million was on the purchase of the Cardanal technology last year. The write-down was made because the Cardanal Predictive Index is not expected to produce revenue before 2009 and accounting standards required directors to consider the value of intangible assets which are not yet available for use.

Without the write-down, the company's loss after income tax was \$3.804 million, compared with a loss of \$3.387 million in FY07.

IM Medical chairman Dipak Sanghvi said it had been a difficult year and the company was suffering some shorter-term pain because of a change in strategic direction aimed at securing the longer-term prospects of the Company.

“Until 2007, IM Medical was dependent for income on Medicare benefits paid for *Intelliheart* tests in medical clinics. The Company decided to reduce this dependence by targeting other markets including the consumer retail market and workplace testing.

“There was a delay in rolling out a partnership with the Sigma pharmaceutical company to sell *Intelliheart* through hundreds of pharmacies nationally. This rollout is now back on track and *Intelliheart* will be on sale in more than 200 Sigma pharmacies in Victoria from next week, followed by other States later this year. The Company expects to sell an average of 1.5 to 2 tests per week in each pharmacy.

“Meanwhile, the Company's costs are being reduced because a number of research and development phases were ending and due to general cost reductions.

“Despite the disappointing year, the fundamentals for *Intelliheart* and Cardanal are solid. *Intelliheart* continued to receive positive reviews in the medical literature as a superior predictor of heart problems and the prominent Melbourne group of cardiologists, Heart Care Victoria, has shown their confidence in the product by agreeing to provide specialist interpretation of the ECG part of *Intelliheart*.

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“The prospects for Cardanal remain excellent and clinical trials are expected to be completed in February, clearing the way for a rollout of the Cardanal Predictive Index (CPI) to cardiologists, medical clinics and hospitals by the middle of next year. The product’s development schedule should allow for IP value to be restored in FY10.

“The CPI is a software product which provides more sensitive and detailed information of cardiovascular problems from a standard electrocardiogram. It can be operated from a regular PC in a doctor’s surgery or hospital.

“There were two main areas for Cardanal to make its mark. Firstly, the technology can avoid the need for invasive and expensive diagnostic tests. This is better for the patient and the health system.

“Secondly, there is significant potential for the Cardanal system to introduce specialist cardiology services to rural and regional areas over the internet. The shortages of cardiologists in these areas is costing many lives because people in these areas have up to 50% increased risk, compared to major cities, of dying from a cardiovascular event such as a heart attack. Remote diagnosis over the internet through Cardanal can help save some of these lives by getting them to treatment before they suffer a fatal attack.

“I am confident that the hard yards have been done and we have products that are in the right place at the right time. Cardiovascular disease remains our number one killer and there has never been a time when there has been more emphasis on prevention amongst governments, business, health professionals and the general community.”

**Further information:**

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