

25 March 2009

ASX Announcement

IM MEDICAL to acquire Radiology and Imaging business

IM Medical (ASX – IMI) announces that it has entered into an 'in principle' agreement' to acquire, a Melbourne Radiology and Imaging business, as a complement to its Intelliheart testing product and as a part of increasing the suite of diagnostic products that the company is able to offer, as foreshadowed recently by the directors.

The in principle agreement is to acquire the business of Melbourne Specialist Imaging (**MSI**) which is owned by Melbourne radiologist, Mark Scott and interests associated with him. MSI currently has 6 locations providing a range of diagnostic imaging services. It is recognised as the leading Head and Neck imaging practice in Victoria.

The proposed transaction is conditional on, amongst others:

- (a) a due diligence being conducted on MSI to the satisfaction of IM Medical;
- (b) shareholder approval (including provision of an Independent Expert's Report for that purpose);
- (c) execution of all requisite legal documentation.

The other details of the proposed transaction are:

- an acquisition price for MSI of \$3.275m, payable on completion of the transaction by the issue of 1,336,177,000 ordinary shares in the company (this number has been determined based on a share price for IM Medical of \$0.002451 per share, being the VWAP of the company's shares for the 5 trading days prior to 17 March 2009) and the issue of 1,336,177,000 options over ordinary shares at an exercise price of \$0.0035, exercisable for 3 years;
- based on the company's current issued capital, the issue of the shares on completion of the transaction would result in Mark Scott and interests associated with him holding 48.5% of the issued share capital.

Based on information provided to date and subject to the Independent Expert's Report, the directors anticipate that the acquisition will provide close to \$7 million in revenue over the next 12 months and will be earnings accretive in 2008/09.

The Notice of Meeting and other materials are proposed to be sent to shareholders shortly.

Roman Najdecki
Company Secretary