

12 August 2010

ASX ANNOUNCEMENT

IM MEDICAL ACQUIRES RADIOLOGY BUSINESS

Directors are pleased to announce that following the General Meeting held on 30th July 2010 at which shareholders approved the financing transaction for the Mark Scott Group, IM Medical will acquire the Group's businesses as from August 16th.

From August 16th, IMI will through its subsidiary, eHealth Imaging Pty Ltd, commence trading as Melbourne Specialist Imaging, continuing the brand name that Dr Mark Scott established some years ago. Melbourne Specialist Imaging currently provides radiology services through six Melbourne sites and directors are already focussing on a number of other sites and services to add to the business.

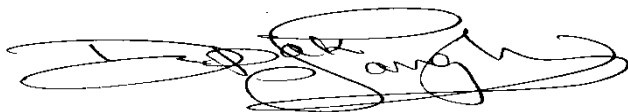
As advised previously, the directors are confident that this business will be cash positive and that the acquisition will be earnings accretive in the current financial year.

This acquisition will result in a change of direction of IMI from a single product R&D company to a strong revenue based operation with the majority of receipts underwritten by Medicare as a general and specialist radiology provider.

Also, as advised through the results of this General Meeting, Dr Mark Scott and Sergio Del Vecchio have been appointed as Executive directors to the Board.

Dr Mark Scott is the founder of Melbourne Specialist Imaging and has over 25 years experience in radiology, specialising in head, neck and dental imaging. He has been an independent specialist provider of radiology services since the early 1990's. As current Director of Radiology at the Royal Victorian Eye and Ear Hospital, he is involved in a wide range of ongoing research and training and conducts regular teaching sessions for registrars

Sergio Del Vecchio has significant and vast experience in and around the diagnostic imaging sector, spanning almost 25 years. He has also separately worked as a consultant to diagnostic imaging businesses including in providing specialist IT solutions. Mr Del Vecchio joined the Mark Scott Group in late 2006, initially in a marketing role before becoming its General Manager in April 2007.



Dipak Sanghvi
Chairman