

28 October 2010

Appendix 4C – Quarter ended 30 September 2010

IM Medical Limited (“the Company”) presents its Appendix 4C Cash Flow Statement for the quarter ended 30 September 2010.

Net operating cash outflows for the quarter were \$0.305m. On 16 August 2010 the company completed its acquisition of the Mark Scott Group. Cash receipts from customers for the quarter were \$0.546m which represented primarily the trading period from 16 August 2010 to 30 September 2010.

Net financing cash inflows for the September quarter were \$0.361m following a number of private share placements to Sophisticated Investors.

The company had cash balances of \$0.085m and \$3.5m drawdown facilities available under the Fortrend Standby Subscription Agreement.



Sergio Del Vecchio
Company Secretary

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

A p p e n d i x 4 C
Q u a r t e r l y r e p o r t
f o r e n t i t i e s a d m i t t e d
o n t h e b a s i s o f c o m m i t m e n t s

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")

30 September 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from customers	546	546
1.2 Payments for		
(a) staff costs	(569)	(569)
(b) advertising and marketing	-	-
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(282)	(282)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	1
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material) Termination and severance payments – one off	-	-
Net operating cash flows	(305)	(305)

+ See chapter 19 for defined terms.

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		Current quarter \$A'000	Year to date (3 months) \$A'000
1.8	Net operating cash flows (carried forward)	(305)	(305)
Cash flows related to investing activities			
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(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	-	-
	(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)	-	-
	Net investing cash flows	-	-
1.14	Total operating and investing cash flows	(305)	(305)
Cash flows related to financing activities			
1.15	Proceeds from issues of shares, options, etc.	363	363
1.16	Proceeds from sale of forfeited shares		
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	(2)	(2)
1.19	Dividends paid	-	-
1.20	Other (provide details if material)		
	Net financing cash flows	361	361
	Net increase (decrease) in cash held	56	56
1.21	Cash at beginning of quarter/year to date	29	29
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	Cash at end of quarter	85	85

+ 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	71
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 \$25,000
 Fees paid to a related entity of an executive director for the provision of radiology services \$40,000.
 Directors' fees to non executive directors \$6,250

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

An equipment licence agreement was entered into with the Mark Scott Group for the provision of equipment used in the radiology business for an exclusive period of 3 years. The following shares and options have been issued as consideration for the equipment licence as approved at the Extraordinary General Meeting held on 30 July 2010:

Melbourne Radiology Services Pty Ltd – 703,392,468 ordinary shares with an issue price of \$0.001616 per share in satisfaction of the equipment licence fee payable to 30 June 2011.

MRS Trustee Company Pty Ltd (atf The MRS Holding Trust) – 896,607,532 ordinary shares with an issue price of \$0.001616 partly paid to \$0.001 per shares in satisfaction of the equipment licence fee payable from 1 July 2011 to 30 June 2013. The shares are held in escrow until 1 July 2011.

Melbourne Radiology Services Pty Ltd – 1,600,000,000 options exercisable at \$0.0025 with an expiry date of 12 August 2013.

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

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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	-	-
3.2 Credit standby arrangements	20	14

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	65	65
4.2 Deposits at call	20	20
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	85	85

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
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

- 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.
- This statement does ~~not~~ *(delete one)* give a true and fair view of the matters disclosed.

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Sign here: Date: 28 October 2010
(~~Director~~/Company Secretary)

Print name: Sergio Del Vecchio

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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