

30 January 2012

Appendix 4C – Quarter ended 31 December 2011

IM Medical Limited (“the Company”) presents its Appendix 4C Cash Flow Statement for the quarter ended 31 December 2011.

Through Patersons Securities, the Company successfully raised \$3.3m through the Entitlement Issue and followed by a placement to raise a further \$275k. The proceeds of the offer allowed the Company to pay all creditors and provide working capital for the company to pursue new opportunities.

The Company is now working with Capitol Health Limited on completing the Sale Agreement as quickly as possible. On completion of the Agreement the Company will issue a new timetable for the in-specie distribution of the Capitol Health shares to eligible shareholders.

- Net operating cash outflows for the quarter were \$1.4m.
- Net financing cash inflows for the quarter were \$2.5m.
- The company held cash balances of \$1.2m. at 31 December 2011.

Richard Wadley
Company Secretary

+ See chapter 19 for defined terms.

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

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Name of entity

IM Medical Limited

ABN

47 009 436 908

Quarter ended ("current quarter")

31 December 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	-	7
1.2 Payments for		
(a) staff costs	(36)	(106)
(b) advertising and marketing	-	-
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(1,314)	(1,561)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	3
1.5 Interest and other costs of finance paid	(41)	(41)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)		
Termination and severance payments – one off	-	-
Net operating cash flows	(1,390)	(1,698)

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		Current quarter \$A'000	Year to date (6 months) \$A'000
1.8	Net operating cash flows (carried forward)	(1,390)	(1,698)
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	3	3
	(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	3	3
1.14	Total operating and investing cash flows	(1,387)	(1,695)
Cash flows related to financing activities			
1.15	Proceeds from issues of shares, options, etc.	3,596	3,596
1.16	Proceeds from sale of forfeited shares		
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	(750)	(752)
1.19	Dividends paid	-	-
1.20	Other (Capital raising costs)	(320)	(320)
	Net financing cash flows	2,526	2,524
	Net increase (decrease) in cash held	1,139	829
1.21	Cash at beginning of quarter/year to date	73	383
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	Cash at end of quarter	1,212	1,212

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Quarterly report for entities
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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	18.7
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Board fees.

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

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

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		

+ See chapter 19 for defined terms.

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	1,212	73
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	1,212	73

Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
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.



Sign here: Date: 30 January 2012
 (Director/Company Secretary)

Print name: Richard Wadley

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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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