

ASX Release
28 March 2012

Completion of Radiology Business Sale Distribution In-specie of Capitol Health Shares to eligible IM Medical Limited shareholders

IM Medical Limited (ASX: IMI, IMIO) (“**IMI**” or the “**Company**”) is pleased to announce that it has completed the sale of its Radiology Business to Capitol Health Limited (ASX: CAJ, CAJO) (“**Capitol Health**”). The sale of the Radiology Business was approved by IMI shareholders at a shareholder meeting on 23 November 2011 (“**Meeting**”).

Under the terms of the sale, IMI will receive 45,559,021 ordinary fully paid shares in Capitol Health Limited. The Capitol Health shares will be distributed on a pro-rata basis to eligible IMI shareholders registered as at 5.00pm Melbourne time on 5 April 2012 (“**Record Date**”) by way of a return of capital. The in-specie distribution was approved by the shareholders of IMI at the Meeting in accordance with section 256C of the Corporations Act.

The distribution will return approximately \$2,414,000 in capital to IMI shareholders, based on the closing price of Capitol Health shares of \$0.053 on 27 March 2012. The distribution represents a capital return of 0.291 cents per IMI ordinary share.

As at the date of this notice, IMI currently has 828,364,092 shares on issue. Assuming no IMI options are exercised prior to the Record Date, the ratio for the distribution of Capitol Health Shares will be 1 Capitol Health share for every 18.18 IMI shares held on the Record Date, with fractional entitlements to be rounded down to the nearest whole share. The final value of the capital return will depend on the closing price of Capitol Health shares on the Record Date.

Existing IMI Options must be exercised prior to the Record Date in order to participate in the distribution. The exercise price of each IMI option on issue immediately after the Record Date will be reduced by the value of the capital return per IMI share.

In accordance with the terms of the distribution approved by shareholders, transfers of Capitol Health shares under the distribution will only be undertaken in respect of parcels of Capitol Health shares with a value of \$250 or more, and to shareholders with registered addresses within Australia and New Zealand as at the Record Date.

Accordingly, the entitlements to Capitol Health shares of:

- those eligible shareholders that would have received less than \$250 of Capitol Health shares based on the closing price of Capitol Health shares on the Record Date; and
- overseas shareholders,

will be sold by IMI on their behalf as soon as practicable and the proceeds of sale (less costs and expenses of the sale) will be distributed by way of cheque as their respective capital reduction entitlement.

Shareholders need take no action in respect of the capital reduction and the in-specie distribution. The number of IMI shares held by shareholders will not change, and the rights attaching to IMI shares will not be altered by the capital reduction.

Any IMI options that have not been exercised prior to the Record Date will not participate in the in-specie distribution.

Full details of the terms and conditions of the distribution, including details of the rights attaching to the distributed Capitol Health shares, can be found in the Explanatory Memorandum that accompanied the Notice of General Meeting distributed to all IMI shareholders and lodged with the ASX on 24 October 2011. A copy of the Explanatory Memorandum is available to download at both www.asx.com.au and at the Company's website www.immedical.com.au.

About Capitol Health

Capitol Health is the second largest and fastest growing provider of radiology services in Victoria. Capitol Health Limited provides diagnostic imaging services across metropolitan and rural Victoria. Capitol Health's objective is to continue building a leading radiology business generating superior patient experiences with sustainable growth and profitability for its shareholders.

Capitol Health has a history of strong growth in revenue and profitability. Capitol Health has announced strong financial results for the half year ending 31 December 2011 with profits increasing by 73% and revenues increasing by 20% on the previous corresponding period (the half year ended 31 December 2010).

Capitol Health has declared a fully franked dividend of \$0.002 per share payable on 20 April 2012 with a Books Closing Date for entitlement to the dividend of 12 April 2012. The Capitol Health shares distributed under the in-specie distribution are expected to participate in the dividend.

Timetable

The anticipated timetable for the Capital Reduction and in specie distribution is set out below:

EVENT	DATE
Ex-date for Capital Reduction – the date on which Shares commence trading without the entitlement to participate in the in specie distribution	30 March 2012
Record Date for Capital Reduction	5 April 2012
Despatch date	11 April 2012

The timetable above is indicative only, and may be changed at the discretion of Directors (subject to the ASX Listing Rules) or as required by ASX.

IMI Update

As indicated in its half year results, IMI is continuing to actively investigate suitable acquisition opportunities in the resources sector, and is making progress in discussions regarding the appointment of suitably qualified directors and executives to lead the company through this process. We will provide further information on developments when they occur.

Yours faithfully

Richard Wadley
Company Secretary