IM MEDICAL LIMITED

ABN: 47 009 436 908

Annual Financial Report
for the Year Ended 30 June 2017

Corporate Information

Company Directors

Mr. Nigel Blaze	Chairman
Mr. Richard Wadley	Non Executive Director
Mr. Paul Burton	Non Executive Director

Company Secretary
Mr. Richard Wadley

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Solicitors
GTP Legal
68 Aberdeen Street
Northbridge
WA 6003

Bankers
The Bank of Melbourne

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Auditor
McLean Delmo Bentleys
302 Burwood Road,
Hawthorn, VIC 3122

Contents

Corporate Governance Statement

IM Medical Limited remains committed to corporate governance practices that are compatible with the Company's age and size and which ensure an appropriate degree of accountability and transparency to shareholders and other stakeholders.

ASX Listing rule 4.10.30 requires that IM Medical Limited disclose the extent to which it has followed the recommendation of the ASX Corporate Governance Councils ("ASX CGC") *Corporate Governance Principles and Recommendations* (2nd Edition) during the 2017year.

PRINCIPLE 1 – Lay solid foundations for management and oversight

Recommendations 1.1: Formalise and disclose the functions reserved to the board and those delegated to management.

The IM Medical board retains responsibility for the following areas:

a) Setting and monitoring of objectives, goals and strategic direction for management with a view to maximising shareholder wealth;

b) Approving annual budget and monitoring financial performances;

c) Ensuring adequate internal controls exist and are appropriately monitored for compliance;

d) Ensuring significant business risks are identified and appropriately managed;

e) Approving acquisitions

f) Ensuring and appointing new Directors; and

g) Maintaining the highest business standards and ethical behaviour

Recommendation 1.2: Disclose the process for performance evaluation of the board, its committees and individual directors and key executives.

The principles adopted for performance evaluations of key executives are outlined in the remuneration section of the director's report.

In summary the board evaluates the performance of senior executives on an annual basis. When considering performance, the board has regard for such things as:

1. The responsibilities of the executive

2. The approved annual budgets

3. Any communicated key performance indicators; and

4. Qualities as well as quantitative measures

In relation to the directors, the process for evaluating performance is more informal but none the less effective.

Directors and key executives have ongoing access to continuing education to enhance their skills and knowledge and the board has access to independent professional advice at the company's expense. In addition, all directors have access to the Company Secretary who is responsible to the board, through the Chairman, on all governance matters.

PRINCIPLE 2 – Structure the board to add value

Recommendations 2.1: A majority of the board should be independent directors.

At the date of this report, the board comprises three directors, all of which are considered independent and meet the objective assessment of quantitative, qualitative, and cumulative criteria for director independence.

The degree of independence will be reviewed periodically but the current view of the board, is that sufficient independence is adequately provided by independent directors and strategic advisers. The board recognises that a director remains in office for the benefit of and is accountable to shareholders and that shareholders have the voting power to elect members to the board regardless of their standing, independent or otherwise.

Recommendation 2.2: The chairperson should be an independent director and;

Recommendation 2.3: The roles of the Chairperson and Chief Executive Officer should not be exercised by the same individual.

The current chairman is an independent director. There is currently no chief executive officer and the company is searching for a new chief executive officer.

Recommendation 2.4: The board should establish a nomination committee

Due to the company's limited size and lack of complexity, the board has adopted the position that this responsibility should be fulfilled by the full board.

Recommendation 2.5: Disclose the process for evaluating the performance that this responsibility should be fulfilled by the full board.

PRINCIPLE 3 – Promote ethical and responsible decision making

Recommendation 3.1: Establish a code of conduct to guide the Directors, the Chief Executive Officer and any other key executives.

The Company recognises its corporate regulatory responsibilities, and has developed and maintained the necessary systems and operational procedures and protocols to ensure it satisfies these obligations.

The board believes that a key driver of corporate governance is to communicate the key polices to management and staff and to monitor and embed them throughout all functions. These policies are monitored and reviewed on an ongoing basis by the board and cover:

- Employee share trading policies
- Appropriate levels of disclosure and liaison with shareholders
- Relationships with customers and suppliers
- Employment practices of the Company

In addition to the above, all directors and senior management strive to ensure that the Company:

- Complies with laws and regulations; and
- Ethical and environmental responsibilities

Corporate Governance Statement (cont'd)

PRINCIPLE 3 – Promote ethical and responsible decision making (cont'd)

Recommendation 3.2: *Disclose the policy concerning trading in company securities by directors, officers, and employees.*

The Company has established a "*Share Trading Policy*". This Policy applies to all directors, executives and employees nominated by the board, including external resources appointed to these types of roles on a contractual and/or interim basis. The policy is intended to cover employees, contractual or otherwise and will include:

a) directors, company secretaries and senior executives of the Company;
b) accounting officers;
c) staff members who have access to the Company's financial results.

The policy permits directors and senior executives to trade in securities during the 4 week period commencing immediately after the date of announcement of results to the ASX, of the half yearly and annual results and after the conclusion of the Annual General Meeting provided that the person is not in possession of price sensitive information and the trading is not for short term or speculative gain.

Trading in securities by directors, executives and employees as nominated is prohibited at all times other than those set out above except that a person may trade outside the allowable period with written authority from the chairman or a non executive director nominated by the chairman.

A written request for approval is required to be submitted before permission will be given for such trading and only then will approval be provided on the basis that the proposed transaction would not be:

a) contrary to any laws; or
b) for speculative gain; or
c) likely to be perceived as unduly negative or unfair by the public, press, other shareholders or regulatory bodies.

As a guide, approval to trade may be given where, for example, it can be shown that securities are to be sold to realise cash in a time of need or where securities are transferred from one member of a family or trust to another when to delay the transaction to the next permitted period would be detrimental to the family's affairs.

In addition to any other ASX Listing Rule and Corporation Law requirements, the Policy requires all affected persons to provide the Company with details of any dealings, made by them or related parties, in the Company's securities within 3 days of each transaction.

PRINCIPLE 4 – Safeguard integrity of financial reporting

Recommendation 4.1: *The board should establish an audit committee, and*

Recommendation 4.2: *Structure the audit committee so that it consists of:*

a) only non executive directors
b) a majority of independent directors
c) an independent chairperson, who is not chairperson of the board; and
d) at least three members

Corporate Governance Statement (cont'd)

PRINCIPLE 4 – Safeguard integrity of financial reporting (cont'd)

Due to the limited size, lack of complexity and relatively small number of directors, the board has adopted the role of the Audit, and Risk and Compliance Committee should be fulfilled by all members of the board.

The Company's financial report is subject to an annual audit by an independent professional auditor who also reviews the Company's half yearly financial report, and by the Board.

At the date of this report the Board comprised Mr. Nigel Blaze (Chairman, independent non executive director), Mr. Richard Wadley (Company secretary, independent non executive director) and Mr. Paul Burton, (independent non executive director).

The Board meets at a minimum, on a six monthly basis to review and consider the half-year and full year financial report of the Company. The Directors' Report contains further details on Board Members skills and qualifications, together with details of meeting attendance.

Recommendation 4.3: The audit committee should have a formal operating charter.

The audit committee does not currently have a formal operating charter, although the full board does have in place a formal board charter.

PRINCIPLE 5 – Make timely and balanced disclosure

Recommendation 5.1: Establish written policies and procedures designed to ensure compliance with ASX listing rule disclosure requirements and to ensure accountability at senior management level for that compliance.

The Chairman and Company Secretary ensure compliance with the continuous disclosure requirements of the ASX Listing Rules and in particular Listing Rule 3.1, however the Company does not currently have a formal written policy in place and relies on the extensive experience of the board to ensure ongoing compliance.

PRINCIPLE 6 – Respect the rights of shareholders

Recommendation 6.1: Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.

Ongoing communications with shareholders include:

a) The Company maintains a corporate website to inform shareholders on historical information and developments (www.immedical.com).

b) The Company regularly updates and provides details of recent material announcements, annual reports, and general information on the Company and its business to the ASX.

c) The annual report is distributed to all shareholders (unless a shareholder has specifically requested not to receive the document). A copy of the full annual report is available free of charge, upon request, from the Company. The board ensures that the annual report includes relevant information about the Company's operations during the year, changes in the state of affairs and details of future developments, in addition to the other disclosures required by the *Corporations Act 2001*;

Corporate Governance Statement (cont'd)

PRINCIPLE 6 – Respect the rights of shareholders (cont'd)

d) The half-year report contains summarised financial information and a review of the operations of the Company during the period. The half-year financial report is prepared in accordance with the requirements of Accounting Standards and the Corporations Act, and is lodged with the Australian Securities and Investments Commission and the Australian Stock Exchange; and

e) The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and alignment with the Company's strategy and goals.

Shareholder participation at annual general meetings (AGM) is encouraged and the Company's auditor Deloitte Touche Tohmatsu, are requested to attend the AGM and be available to answer shareholder questions.

PRINCIPLE 7 – Recognise and manage risk

Recommendation 7.1: *The board or appropriate board committee should establish policies on risk oversight and management.*

The Board has an established a policy for risk oversight and management within the Company. This is periodically reviewed and updated.

Recommendation 7.2: *The board should require management to design and implement the risk management and internal control system to manage the company's material business risks.*

The Company has the risk management and internal controls appropriate to its business activity.

Recommendation 7.3: *The board should disclose whether it has received assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.*

The board is confident that the scale, lack of complexity and concentrated location of the Company's business activities provides a model for ensuring that internal control, compliance, and risk management are operating to the required standard and that this view is founded on policies and controls which have adequately supported the board's risk profile for the 2015 financial year.

Recommendation 7.4: *The board should disclose whether there is any material exposure to economic, environmental and social sustainability risks and, how it manages or intends to manage those risks*

The board is of the view that given the Company's current level of business activity, its exposure to these risks are suitably minimised. The board is ready to review this situation as and when the Company's level of activity changes.

Corporate Governance Statement (cont'd)

PRINCIPLE 8 – Remunerate fairly and responsibly

Recommendation 8.1: The board should establish a remuneration committee.

Due to the limited size and lack of complexity of the Company, the board does not consider that a separate remuneration committee is required and thus does not fully comply with this recommendation.

The board reviews the remuneration packages and policies applicable to the senior officers on an annual basis. The board may also obtain independent advice on the appropriateness of remuneration packages.

Recommendation 8.2: Clearly distinguish the structure of non-executive directors' remuneration from that of executives.

The level of remuneration for each director and specified executive is detailed in the directors' report and notes to the financial statements. The principles, details of remuneration and terms of contracts are also outlined in the remuneration report section of the director's report. The appointment of all senior executives and board members is approved by the full board.

In summary, the board aims to structure total remuneration to take into account:

(e) both the short and long term growth and success of the Company;

(f) remuneration that is competitive with the market place; and

(g) remuneration that is demonstrably linked to the Company's overall performance.

Non-executive Directors are remunerated by way of fees only, they do not receive any additional retirement benefits nor do they currently participate in any other incentive arrangement/s such as the share option plan.

Directors' Report

The directors of IM Medical Limited submit herewith the annual financial report of the Company for the financial year ended 30 June 2017. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and particulars of the directors of the Company during or since the end of the financial year are:

Mr. Nigel Blaze
Non Executive Director (appointed 22 March 2011)

Mr Nigel Blaze was appointed as a Director of the Company on 22 March 2011 in accordance with Article 13.4 of the Constitution.

Mr Blaze is a Fellow of the Institute of Chartered Accountants and has practised as a Chartered Accountant for approximately 25 years. Mr Blaze commenced his professional accounting career with Ernst & Young and worked firstly in the Business Services area subsequently moving into a management role in their Specialist Taxation Advisory division. Since leaving Ernst & Young, Mr Blaze has acted as a director of the Chartered Accounting firms Griffiths and Co and McLean Manuell before establishing his own firm in January 2000.

Mr Blaze is currently the managing director of Blaze BMD Pty Ltd, Accountants and Business Advisors and has extensive commercial advisory experience including specialisation in the medical services sector, property sector, agribusiness sector and the retail and manufacturing sectors.

Mr Blaze was, until June 2003, a director of the Blaxland Rural Investments Ltd a company that successfully raised capital and managed a number of agribusiness projects prior to the sale of its operations to a predecessor of Seven Fields Management Limited. He has also acted and continues to act as a director on many private company boards and has successfully managed a number of investment projects.

Mr Blaze has acted as Chairman of the Company since 22 March 2011.

Mr Blaze holds a Bachelor of Business (Accounting) degree, a Diploma of Taxation Law from Monash University, and a Certified Financial Planning qualification.

Mr. Blaze has not held any listed company directorships within the last 3 years before the financial year ended 30 June 2017.

Mr. Richard Wadley
Non Executive Director/Company Secretary (appointed 22 March 2011)

Mr Richard Wadley was appointed as a Director of the Company on 22 March 2011 in accordance with Article 13.4 of the Constitution. Mr Wadley was also appointed as the company secretary of the Company.

Mr Wadley FCCA specialises in providing financial and company secretarial services to mainly earlier stage life science companies. He has had extensive experience in the areas of financial management, tax planning, investor relations, technology licensing and capital raisings. Mr Wadley is currently a director of Origin Capital Limited (a pooled development fund). Over the last twenty years he has been the CFO and company secretary for a number of ASX listed companies. Mr.Wadley has previously practised as a Chartered Accountant. In 1998 Mr.Wadley was named Chief Financial Officer of the Year by C.F.O. Magazine.

Mr. Wadley has not held any listed company directorships within the last 3 years before the financial year ended 30 June 2017.

Directors' Report (cont'd)

Mr. Paul Burton
Non Executive Director (appointed 22 March 2011)

Mr Paul Burton was appointed as a Director of the Company on 22 March 2011 in accordance with Article 13.4 of the Constitution.

Mr Burton has extensive business experience, specialising in mergers, acquisitions as well as corporate strategy, advice and governance. He has held senior executive positions with NAB/MLC and Ipac (now owned by Axa) as well as a self-employed Consultant working with companies such as Tauro Capital, Challenger, Q Invest, Strategic Capital Management and Seaview Consulting. Mr Burton was the managing director of Techdrill Services Pty Ltd, an exploration drilling company which grew its revenue and profit by 700% under his leadership and was a founding partner and director of Lachlan Group Pty Ltd (now known as Westoria Capital), a boutique resource investment company.

After beginning his career as a financial adviser, Mr Burton was appointed acquisitions manager by Ipac and successfully completed the foundation transactions that were aggregated into the significant operation that it has become today. Subsequently Mr Burton acted as the principal of his own consulting business and worked on a number of successful advisory projects highlighted by his involvement in the Challenger acquisition and integration team that successfully negotiated and integrated the acquisition of Associated Planners for $100 million.

Mr Burton holds a Master of Business Administration (MBA), Bachelor of Economics (Honours), Diploma of Financial Planning (DFP) and Certified Financial Planner (CFP).

Mr. Burton has not held any listed company directorships within the last 3 years before the financial year ended 30 June 2017.

Principal activities

Dividends

No amounts have been paid, declared or recommended by the Company by way of dividend since the commencement of the financial year (2016: Nil).

Review and results of operations

(a) *Overview*

Management and the Board monitor the group's overall performance, from its implementation of the mission statement and strategic plan through to the performance of the consolidated entity against operating plans and financial budgets. Key performance indicators have been identified and are used to monitor performance regularly, such that appropriate action can be taken to address any performance issues.

(b) *Review and results of operations*

For the year ended 30 June 2017 the consolidated entity and the company incurred net losses of $275,571 and $272,681 and incurred negative cash flows from operations of $293,187 and $293,174 respectively. As at 30 June 2017 the consolidated entity has current liabilities in excess of its current assets by ($128,856) (2016: $286,283) and the Company has current liabilities in excess of its current assets amounting to ($129,658) (2016: $289,975). As at 30 June 2017 the consolidated entity and the company have accumulated losses of $23,169,978 and $23,170,780 respectively.

(c) *Future development*

The directors continue to focus on the completion of an acquisition through a reverse takeover.

(d) *Review of financial conditions*

Over the financial year the Company investigated in depth at least five different investment opportunities. An offer which was ultimately rejected by Rox Resources Limited resulted in the recovery of $220,000 in acquisition costs. In April 2017 the Company entered into a binding agreement which provided the Company with an option to acquire all of the issued capital of Babylon Operations Pty Ltd. The Babylon Option is for a six month term, ending on October 3, 2017. The Company continues to monitor the progress of Babylon's business.

Directors' Report (cont'd)

Review and results of operations (cont'd)

(e) *Risk management and corporate governance practices*

The Board has the responsibility for overseeing the implementation of policies and procedures aimed at ensuring that the consolidated entity conducts its operations in a manner that manages risk to protect its people, the environment, consolidated entity assets and reputation as well as to realise opportunities. The Company's policy is to consider the balance of risk and reward, as far as practicable, in order to optimise the returns gained from its business activities and to meet the expectations of its shareholders..

Change in the state of affairs

In May the Company successfully raised $498,237 through a non-renounceable pro rata offer. These funds were used to repay the convertible note and provide working capital in preparation for the possible acquisition of Babylon Operations Pty Ltd ("Babylon"). Babylon is a recently established provider of specialised rental equipment and diesel maintenance services focused on the resource maintenance sector. IMI holds an option to acquire all of the issued capital of Babylon prior to 3 October 2017. The intention is to provide sufficient time for Babylon to establish its commercial operations; and to enable IMI to meet the requirements of the ASX Listing Rule and enable the reinstatement of its listing. In August 2016 the Company issued a $330,000 Converting Loan to provide working capital. This loan was repaid following the issue of 493,237,396 shares and options under the fully underwritten non-renounceable pro rata offer. Total shares on issue now stand at 1,826,870,453 shares and 993,302,151 options. The Options which expire on 31 March 2019 have an exercise price of $0.002 per share.

Environmental regulation and performance

The Company was previously involved in medical research and development in the advancement of human health, these activities did not create any significant environmental impact.

Share options

As at the date of this report, there were on a post consolidation basis 993,302,151 (2016: 853,921,259) listed options over ordinary shares of IM Medical Limited.

During the year ended 30 June 2017 498,237,396 options were issued and 358 856,504 (2016: Nil) options lapsed.

Shares issued as a result of the exercise of options

During the year ended 30 June 2017, nil (2016: nil) fully paid ordinary shares were issued by IM Medical Limited as a result of exercised options.

Directors' Report (cont'd)

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, there were a total of 11 Board meetings held. The held column in the table below indicates the number of board meetings held whilst that director was in office.

Director	Board of Directors		Audit Risk and Compliance	
	Held	Attended	Held	Attended
N. Blaze	11	11	2	2
R. Wadley	11	11	2	2
P. Burton	11	11	2	2

Director's shareholding

The following table sets out each director's relevant interest in shares or options in shares of the Company or a related body corporate as at the date of this report.

Director	Ordinary shares	Options over ordinary shares
N. Blaze	1,134,375	309,375
R. Wadley	-	-
P. Burton	-	-

Remuneration Report (Audited)

This report which forms part of the directors' report outlines the remuneration arrangements in place for directors and executives of IM Medical Limited for the financial year ended 30 June 2017.

Remuneration philosophy

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

To that end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Focus on creating sustained shareholder value;
- Significant portion of executive remuneration "at risk", is dependent upon meeting predetermined performance benchmarks; and
- Differentiation of individual rewards commensurate with contribution to overall results and according to individual accountability, performance and potential.

In the absence of a specific Remuneration Committee, the Board of Directors accepts direct responsibility for determining and reviewing compensation arrangements for the directors, chief executive officer (CEO) and the senior management team. The Board assesses the appropriateness of the nature and amount of remuneration of directors and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

Remuneration structure

In line with best practice corporate governance, the structure of non executive director, executive director and senior manager remuneration is separate and distinct.

Non executive director remuneration

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 25 November 2004 when shareholders approved an aggregate remuneration of $250,000.

The amount of aggregate remuneration approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The board considers any advice received from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the Company and is entitled to be paid an additional fee for each Board Committee on which the director sits. The entitlement to the additional fees for serving on a committee recognises the additional time commitment required by directors in discharging their responsibilities to the board.

Senior management and executive director remuneration

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- Reward executives for company, business unit and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of executives with those of shareholders;
- Link reward with the strategic goals and performance of the company; and
- Ensure total remuneration is competitive by market standards.

Remuneration Report (Audited) (cont'd)

Senior management and executive director remuneration

The executive remuneration program is designed to support the Company's reward philosophies and to underpin the Company's growth strategy. The program comprises the following components:

- Fixed remuneration component
- Variable remuneration component including short term incentive (STI) and long term incentive (LTI)

Fixed remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration appropriate to the position and competitive in the market. Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and shares. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

Variable remuneration – short term incentive (STI)

The objective of the STI program is to link the achievement of the Company's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the senior manager to achieve the operational targets and such that the cost to the Company is reasonable.

Actual STI payments granted to each senior manager depend on the extent to which specific operating targets set at the beginning of the year are met. The operational targets consists of a number of Key Performance Indicators (KPIs) covering both financial and non-financial measures of performance. Typically included are measures such as contribution to revenue, net profit after tax, customer service, risk management, product management, leadership and team contribution. The Company has predetermined benchmarks which must be met in order to trigger payments under the short term incentive scheme.

On an annual basis, after consideration of performance against KPIs, an overall performance rating for the Company is approved by the Board. The individual performance of each executive is also rated and taken into account when determining the amount, if any, of the short term incentive pool allocated to each executive. The aggregate of annual STI payments available for executives across the Company are usually delivered in the form of a cash bonus. In the 2017 year, no payments have been made (2016: nil) under the STI program.

Variable remuneration – long term incentive (LTI)

The objective of the LTI plan is to reward senior managers in a manner which aligns this element of remuneration with the creation of shareholder wealth. As such, LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Company's performance against relevant long term performance hurdles. LTI granted to executives are delivered in the form of options or shares. In the 2017 year, no options or shares have been issued (2016: nil) under the LTI plan.

Remuneration Report (Audited) (cont'd)

Relationship between the remuneration policy and company performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives.

However, no base remuneration of key management personnel or directors is dependent or related to company performance. The following table shows the gross revenue, losses, share price and dividends for the last five years for the consolidated entity.

Consolidated	**30 June 2017**	**30 June 2016**	**30 June 2015**	**30 June 2014**	**30 June 2013**
Revenue	$ -	$24	$18	$49	$3,853
Net loss before tax	$(275,571)	$(381,135)	$(523,762)	$(404,293)	$(446,489)
Net loss after tax	$(275,571)	$(381,135)	$(523,762)	$(404,293)	$(446,489)

Consolidated	**30 June 2017**	**30 June 2016**	**30 June 2015**	**30 June 2014**	**30 June 2013**
Share price at start of year	$0.001	$0.001	$0.001	$0.001	$0.002
Share price at end of year	$0.001	$0.001	$0.001	$0.001	$0.001
Interim and final dividend	-	-	-	-	-
Basic earnings per share (cents)	(0.0002)	(0.0003)	(0.0011)	(0.0009)	(0.0010)
Diluted earnings per share (cents)	(0.0002)	(0.0003)	(0.0011)	(0.0009)	(0.0010)

Remuneration Report (Audited) (cont'd)

Key management personnel

- *Details of key management personnel*

Names and positions held by key management personnel in office at any time during the financial year are:

- Nigel Blaze (Non executive director, Appointed 23 March 2011)
- Richard Wadley (Non executive director, Appointed 23 March 2011)
- Paul Burton (Non executive director, Appointed 23 March 2011)

The compensation of each member of the key management personnel of IM Medical Limited for the current year is set out below.

	Short term employee benefits			Share Based Payments	Post employment benefits	Termination benefits	Total
2017	Salary & fees $	Non – Monetary $	Other Cash Benefits $	$	Superannuation $	$	$
Non executive Directors							
N Blaze	25,000	-	-	-	-	-	25,000
R Wadley	44,840	-	-	-	-	-	44,840
P Burton	37,600	-	-	-	-	-	37,600
Total	**107,440**	**-**	**-**	**-**	**-**	**-**	**107,440**
2016	Salary & fees $	Non – Monetary $	Other Cash Benefits $	$	Superannuation $	$	$
Non executive Directors							
N Blaze	25,000	-	-	-	-	-	25,000
R Wadley	47,400	-	-	-	-	-	47,400
P Burton	34,900	-	-	-	-	-	34,900
Total	**107,300**	**-**	**-**	**-**	**-**	**-**	**107,300**

Remuneration Report (Audited) (cont'd)

Options holding of directors and key management personnel.

2017	Balance at 1 Jul 16	Option Consolidation	Options exercised	Net change other	Balance at 30 Jun 17	Total exercisable and vested	Options vested during the year
Nigel Blaze	-	-	-	309,375	309,375	-	-
Paul Burton	-	-	-	-	-	-	-
Richard Wadley	-	-	-	-	-	-	-

2016	Balance at 1 Jul 15	Option Consolidation	Options exercised	Net change other	Balance at 30 Jun 16	Total exercisable and vested	Options vested during the year
Nigel Blaze	-	-	-	-	-	-	-
Paul Burton	-	-	-	-	-	-	-
Richard Wadley	-	-	-	-	-	-	-

Shareholdings of key management personnel

2017	Balance at 1 Jul 16	Share Consolidation	On exercise of options	Sold	Net change other	Balance at 30 Jun 2017
Nigel Blaze	825,000	-	-	-	309,375	1,134,375
Paul Burton	-	-	-	-	-	-
Richard Wadley	-	-	-	-	-	-

2016	Balance at 1 Jul15	Share Consolidation	On exercise of options	Sold	Net change other	Balance at 30 Jun 2016
Nigel Blaze	825,000	-	-	-	-	825,000
Paul Burton	-	-	-	-	-	-
Richard Wadley	-	-	-	-	-	-

Other transactions and balances with key management personnel

The following transactions, which comprise the short term employee benefits, and/or balances between the disclosing entity and any of its subsidiaries to any key management personnel, including their personally related entities were as follows:

- During the year, the Company procured services to a value of $25,000 (2016: $25,000) from Nigel Blaze for the provision of consulting services. The value of the services was determined on an arm's length basis at commercial terms. At 30 June 2017 $37,567 (2016: $50,208) of the consulting services provided to the company remained unpaid.
- During the year, the Company procured services to a value of $44,840 (2016: $47,400) from Richard Wadley for the provision of consulting services. The value of the services was determined on an arm's length basis at commercial terms. At 30 June 2017 $85,172 (2016: $109,276) of the consulting services provided to the company remained unpaid.
- During the year, the Company procured services to a value of $37,660 (2016: $34,900) from Paul Burton for the provision of consulting services. The value of the services was determined on an arm's length basis at commercial terms. At 30 June 2016 $50,171 (2016: $59,014) of the consulting services provided to the company remained unpaid.

End of Audited Remuneration Report

Directors' Report (cont'd)

Employees

The consolidated entity did not have any employees as at 30 June 2017. (2016: Nil).

Proceedings on Behalf of Company

No person has applied for leave of the Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Subsequent events

In April 2017 the Company announced the following:-

The Company had entered into a binding agreement which provided the Company with an option to acquire all of the issued capital of Babylon Operations Pty Ltd. The Babylon Option has a six month term, and is subject to further due diligence by IMI on the Babylon business.

The Option expires on the 3rd October 2017, in that time the Company intends to approach the ASX to seek confirmation regarding re-admission to the official list of the ASX, as soon as the audited accounts for the year ended 30 June 2017 are available for both IMI and Babylon.

Subject to exercising the option to acquire Babylon, for an amount equal to Babylon's $0.9 million in subscribed capital, IMI intends to:

- undertake a capital raising of $3.8m and up to $6m;
- undertake a consolidation on a 1:20 basis;
- change its name to Babylon Pump & Power Limited.

Non-audit services

There were no non-audit services during the year (2016: Nil)

Auditor's independence declaration

The auditor's independence declaration is included on page 20 of the financial report.
Signed in accordance with a resolution of the directors made pursuant to s298 (2) of the Corporations Act 2001.

On behalf of the Directors

N. L. Blaze

Nigel Blaze
Chairman
Melbourne,

..31.August 2017

McLean Delmo Bentleys
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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF IM MEDICAL LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

McLean Delmo Bentleys Audit Pty Ltd

McLean Delmo Bentleys Audit Pty Ltd

Martin Fensome
Partner

Hawthorn
31 August 2017

McLean Delmo Bentleys
THINKING AHEAD

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF IM MEDICAL LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion
We have audited the financial report of IM Medical Limited and controlled entities, which comprises the consolidated and parent entity's statement of financial position as at 30 June 2017, the consolidated and parent entity's statement of comprehensive income, the consolidated and parent entity's statement of changes in equity and the consolidated and parent entity's statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of IM Medical Limited and controlled entities, is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated and parent entity's financial position as at 30 June 2017 and of their financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion
We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern
We draw attention to Note 1 "Going Concern" in the financial report which indicates that the group incurred a net loss of $275,571 for the year ended 30 June 2017, had net operating cash outflows of $293,187 for the year ended 30 June 2017 and had a deficiency of current assets over current liabilities of $128,856. As stated in Note 1, these events along with other matters as set forth in note 1 indicate that a material uncertainty exists that may cast doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

McLean Delmo Bentleys
THINKING AHEAD

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF IM MEDICAL LIMITED (Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters. Including the matter described in the Materiality Uncertainty Related to Going Concern, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Going Concern The group incurred a net loss of $275,571 for the year ended 30 June 2017, had net operating cash outflows of $293,187 for the year ended 30 June 2017 and had a deficiency of current assets over current liabilities of $128,856 which indicates a material uncertainty regarding the application of the going concern basis of accounting.	Our procedures included, amongst others: • We analysed the cash flow projections by evaluating the underlying data used to generate the projections for consistency with other information tested by us, our understanding of the Company's intentions, and past practices; • Assessing the planned levels of operating expenditures for consistency of relationships and trends to the company's historical results, results since year end, and our understanding of the business and economic conditions of the company.
Measurement of Share Based Payments. The Company has issued shares in consideration for interest on convertible loan notes. Note 5 to the financial statements disclose this issue of shares.	Our procedures included, amongst others; • We evaluated the terms of the issue of the shares in consideration for the interest to be paid; • We considered the interest rate charged on the loan notes and compared this to the interest rate used to determine the value of the shares issued and assessed for reasonableness.

McLean Delmo Bentleys
THINKING AHEAD

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF IM MEDICAL LIMITED (Continued)

Other Information
The directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report
The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

McLean Delmo Bentleys
THINKING AHEAD

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF IM MEDICAL LIMITED (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report
Opinion on the Remuneration Report
We have audited the Remuneration Report included in page 14 to 18 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of IM Medical Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities
The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

McLean Delmo Bentleys Audit Pty Ltd

Martin Fensome
Partner

Hawthorn
4 September 2017

Directors' Declaration

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable as described in Note 1 to the financial statements;

(b) in the directors' opinion, the attached financial statements and notes thereto, are in accordance with the Corporations Act 2001, including compliance with Accounting Standards and give a true and fair view of the financial position and performance of the company and of the consolidated entity;

(c) in the directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as described in Note 1 to the financial statements; and

(d) the directors have been given declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s295 (5) of the Corporations Act 2001.

On behalf of the Directors

Nigel Blaze
Chairman
Melbourne

….31 August 2017

Statement of profit or loss and other comprehensive income for the financial year ended 30 June 2017

	Notes	Consolidated 2017 $	Consolidated 2016 $	Company 2017 $	Company 2016 $
Continuing operations					
Revenue from continuing operations	2	-	24	-	24
Other revenue		-	-	-	-
Acquisition cost recovered.	2	220,000	-	220,000	-
Total revenue		220,000	24	220,000	24
Impairment of non-current assets	3	-	-	-	14,000
Corporate administration	3	(133,344)	(228,601)	(133,253)	(228,444)
Acquisition costs incurred	3	(220,000)	-	(220,000)	-
Consultancy fees		(32,440)	(32,300)	(32,440)	(32,300)
Director expenses		(75,000)	(75,000)	(75,000)	(75,000)
Finance costs		(25,586)	-	(25,586)	-
Other expenses		(9,201)	(45,258)	(6,402)	(45,113)
Loss before income tax		(275,571)	(381,135)	(272,681)	(366,833)
Income tax (expense)/benefit	4	-	-	-	-
Loss for the year from continuing		(275,571)	(381,135)	(272,681)	(366,833)
Loss for the year		(275,571)	(381,135)	(272,681)	(366,833)
Other comprehensive (loss)/income for the year		-	-	-	-
Total comprehensive (loss)/income for the year		(275,571)	(381,135)	(272,681)	(366,833)
Earnings per share					
From continuing operations and discontinued operations					
Basic earnings (loss) per share (cents per share)	12	(0.0002)	(0.0003)		
Diluted earnings (loss) per share (cents per share)	12	(0.0002)	(0.0003)		
From continuing operations:					
Basic earnings (loss) per share (cents per share)	12	(0.0002)	(0.0003)		
Diluted earnings (loss) per share (cents per share)	12	(0.0002)	(0.0003)		

The accompanying notes form part of these financial statements

Statement of financial position as at 30 June 2017

	Notes	Consolidated		Company	
		2017	2016	2017	2016
		$	$	$	$
Current assets					
Cash and cash equivalents	17(a)	126,822	(874)	125,920	(1,585)
Trade and other receivables	7	-	17,624	-	14.543
Total current assets		126,822	16,750	125,920	12,958
Non current assets					
Other financial assets	9	-	-	100	100
Total non current assets		-	-	100	100
Total assets		126,822	16,750	126,020	13,058
Current liabilities					
Trade and other payables	10	255,678	303,033	255,678	303,033
Converting loan	8	-	-	-	-
Total current liabilities		255,678	303,033	255,678	303,033
Non current liabilities					
Other		-	-	-	-
Total non current liabilities		-	-	-	-
Total liabilities		255,678	303,033	255,678	303,033
Net assets /(deficiency)		**(128,856)**	**(286,283)**	**(129,658)**	**(289,975)**
Equity					
Issued capital	5	23,041,122	22,608,124	23,041,122	22,608,124
Accumulated losses	11	(23,169,978)	(22,894,407)	(23,170,780)	(22,898,099)
Total equity		**(128,856)**	**(286,283)**	**(129,658)**	**(289,975)**

The accompanying notes form part of these financial statements.

Statement of changes in equity for the financial year ended 30 June 2017

Consolidated	Note	Issued capital $	Accumulated losses $	Total $
Balance as 30 June 2015		**22,042,084**	**(22,513,272)**	**(471,188)**
Total comprehensive loss for the year		-	(381,135)	(381,135)
Share Purchase Plan		632,259	-	632,259
Capital raising costs		(66,219)	-	(66,219)
Balance as 30 June 2016		**22,608,124**	**(22,894,407)**	**(286,283)**
Total comprehensive loss for the year		-	(275,571)	(275,571)
Non-renounceable Rights Issue		498,237	-	498,237
Capital raising costs		(65,239)	-	(65,239)
Balance as 30 June 2017		**23,041,122**	**(23,169,978)**	**(128,856)**

Company	Note	Issued capital $	Accumulated losses $	Total $
Balance as 30 June 2015		**22,042,084**	**(22,531,266)**	**(489,182)**
Total comprehensive loss for the year		-	(366.833)	(366.833)
Share Purchase Plan (Net of costs)	5	632,259	-	632,259
Capital raising costs		(66,219)	-	(66,219)
Balance as 30 June 2016		**22,608,124**	**(22,898,099)**	**(289,975)**
Total comprehensive loss for the year		-	(272,681)	(272,681)
Non-renounceable Rights Issue	5	498,237	-	498,237
Capital raising costs		(65,239)	-	(65,239)
Balance as 30 June 2017		**23,041,122**	**(23,170,780)**	**(129,658)**

The accompanying notes form part of these financial statements.

Statement of cash flows for the financial year ended 30 June 2017

	Notes	Consolidated		Company	
		2017	2016	2017	2016
		$	$	$	$
Cash flows from operating					
Receipts from customers		-	-	-	-
Payments to suppliers and employees		(293,187)	(316,817)	(293,174)	(316,519)
Interest received		-	24	-	24
Interest paid		(12,115)	-	(12,115)	-
Net cash flows used in operating activities	17(b)	(305,302)	(316,793)	(305,289)	(316,495)
Cash flows from investing					
Investments and loans		-	4,041	-	-
Amounts advanced from related		-	-	(204)	14,000
Acquisition costs incurred		(220,000)	-	(220,000)	-
Acquisition costs recovered		220,000	-	220,000	-
Net cash flows (used in)/provided by investing activities		-	4,041	(204)	14,000
Cash flows from financing					
Receipt of Loans	8	330,000	-	330,000	-
(Repayment) of loans	8	(330,000)	(300,000)	(330,000)	(300,000)
Proceeds from issue of shares	5(b(i)	498,237	632,259	498,237	632,259
Capital raising costs	5(b)	(65,239)	(66,219)	(65,239)	(66,219)
Net cash flows from financing activities		432,998	266,040	432,998	266,040
Net (decrease)/increase in cash		127,696	(46,712)	127,505	(36,455)
Cash at beginning of the year		(874)	45,838	(1,585)	34,870
Cash at the end of the year	17(a)	**126,822**	**(874)**	**125,920**	**(1,585)**

The accompanying notes form part of these financial statements.

Notes to the financial statements

Note	Contents
1	Summary of significant accounting policies
2	Revenue from continuing operations
3	Loss for the year before income tax from continuing operations
4	Income tax
5	Issued capital & Options
6	Remuneration of auditors
7	Current trade and other receivables
8	Convertible Note
9	Non current other financial assets
10	Current trade and other payables
11	Accumulated losses
12	Earnings per share
13	Subsidiaries
14	Commitments for expenditure
15	Dividends
16	Segment information
17	Notes to the statement of cash flows
18	Subsequent events
19	Contingent liabilities
20	Related party disclosures
21	Financial Instruments
22	Company details

1. Summary of significant accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report includes the separate financial statements of IM Medical Limited (the "company") and the consolidated financial statements of the Group. For the purposes of preparing the financial statements, the company is a for-profit entity.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

Basis of preparation

The financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration in exchange for assets.

The financial report has been prepared on a going concern basis which assumes the realisation of assets and the extinguishment of liabilities in the normal course of business and at the amounts stated in the financial report. IM Medical Limited is a public company limited by shares. The financial report is presented in Australian dollars. IM Medical Limited is incorporated in Australia and is the parent entity whose shares publicly trade on the ASX. The financial report covers both IM Medical Limited as an individual entity and IM Medical Limited and its controlled entities as a group of entities.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies have been consistently applied unless otherwise stated.

Going concern basis

The financial statements are prepared on the going concern basis, which contemplates the continuity of normal business activities, and the realisation of assets and the settlement of liabilities in the ordinary course of business.

At 30 June 2017 the consolidated entity has a deficiency of current assets over current liabilities of $128,856 (30 June 2016: $286,283 (net deficiency)), for the year ended 30 June 2017 it recorded net losses of $275,571 (30 June 2016: $381,135) and incurred negative cash flows from operations of $293,187 (30 June 2016: $316,793). As at 30 June 2017 the consolidated entity has accumulated losses of $23,169,978 (30 June 2016: $22,894,407).

The Company announced that it had successfully raised $498,237 through a non-renounceable pro rata offer. These funds were used to repay the convertible note and to provide working capital in preparation for the proposed acquisition of Babylon Operations Pty Ltd ("Babylon"). Babylon is a recently established provider of specialised equipment of rental and diesel maintenance services to the resource maintenance sector. IMI Medical holds an option to acquire all of the issued capital of Babylon prior to 3 October 2017. The intention is to provide sufficient time for Babylon to establish its commercial operations to meet the requirements for reinstating it's listing on the ASX.

The directors have prepared a cash flow forecast through to August 2018. Based on the current cash reserves in place at the date of this report and current cash flow forecasts, the consolidated entity will have sufficient cash resources to continue to pay its debts to August 2018.

Subject to exercising the option to acquire Babylon, IMI intends to:

- undertake a capital raising of $3.8m and up to $6m;
- undertake a consolidation on a 1:20 basis;
- seek re-listing of its securities on the ASX following re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

Summary of significant accounting policies (con't)

Accordingly the financial report has been prepared on the going concern basis based on the following assumptions:

- The ability to successfully complete an agreement: or
- The ability of the company to raise further equity, where necessary, to fund working capital, and the identification of potential investment opportunities and;
- The directors will continue to explore investment opportunities for the consolidated entity that may result in future cash flows.
- The directors continue to forego payment of their remuneration until the completion of an investment opportunity.

In the event that the above initiatives do not eventuate or do not generate sufficient cash flows from operations there is significant uncertainty as to whether the company and consolidated entity will be able to continue as going concerns. If the company and consolidated entity are unable to continue as going concerns they may be required to realise their assets and extinguish their liabilities other than in the normal course of business and at amounts different from those stated in the financial statements.

The financial statements do not include adjustments, if any, relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company and consolidated entity not continue as going concerns.

Changes in accounting policies on initial application of Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out as follows. The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

a. Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 10 'Consolidated Financial Statements'. A list of subsidiaries appears in note 13 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such entities. In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits/losses arising within the consolidated entity ("Group") are eliminated in full.

b. Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts. Bank overdrafts are carried at the principal amount and shown within borrowings in current liabilities in the Statement of Financial Position. Interest is charged as an expense as it accrues.

c. Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred. Receivables from related parties are recognised and carried at the nominal amount due less any impairment provision.

Summary of significant accounting policies (con't)

d. Impairment of assets (cont)

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Impairment testing is performed annually for goodwill, and intangible assets with indefinite lives. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised in the statement of profit or loss and comprehensive income immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

e. Investment in subsidiaries

In the separate financial statements of IM Medical Limited, investments in subsidiaries, that are not classified as held for sale or included in a disposal group classified as held for sale, are accounted for at cost less impairment.

f. Trade and other payables

Trade payables and other payables are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

g. Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

h. Issued capital

Ordinary issued capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

i. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Summary of significant accounting policies (con't)

i. Revenue recognition (con't)

- *Rendering of services* – Revenue from the rendering of services is recognised in the statement of profit or loss and comprehensive income when the service is performed and there are no unfulfilled service obligation that will restrict the entitlement to receive the sales consideration.
- *Interest* - Control of the right to receive the interest payment.
- *Dividends* - Control of the right to receive the dividend payment

j. Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior years is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base for those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary difference associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the assets and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of profit or loss and comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Summary of significant accounting policies (con't)

Tax consolidation

The company and its wholly owned Australian resident entities are part of a tax consolidated group formed on 21 September 2004 under Australian taxation law. IM Medical Limited is the head entity in the tax consolidated group. Tax expense/income, deferred tax assets and deferred tax liabilities arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and asset and deferred tax assets arising from unused tax losses and tax credits of the members of the tax consolidated group are recognised by the company (as head entity in the tax consolidated group).

Due to the existence of a tax funding arrangement and a tax sharing agreement between the entities in the tax consolidated group, amounts are recognised as payable to or receivable by the company. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

j. Employee benefits

A liability is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

Contributions to defined contribution plans are expensed when employees have rendered service entitling them to the contributions.

k. Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit/loss attributable to equity holders of the company for the financial period, after excluding any costs of servicing equity (other than ordinary shares) by the weighted average number of ordinary shares of the company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with the dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares of the company adjusted for any bonus issue.

Where a net loss is made for the period, basic EPS and diluted EPS are the same, because, the inclusion of options in the earnings per share calculations does not result in further dilution.

l. Critical accounting estimates and judgements

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revisions affect both current and future periods.

Summary of significant accounting policies (con't)

Critical accounting estimates and judgements (con't)

Judgments made in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable in the relevant notes to the financial statements.

Tax Losses

Based on the probability test required under Australian Accounting Standards the directors have determined that the deferred tax asset relating to revenue tax losses do not meet the criteria for recognition as an asset.

m. Adoption of new and revised accounting standards

New and revised AASBs affecting amounts reported and/or disclosures in the financial statements

During the current year, the group adopted all of the new and revised Australian Accounting Standards and interpretations applicable to its operations which became mandatory. There was no material impact on the financial statements as a result of the adoption of the revised Australian Accounting Standards and interpretations applicable to its operations. At the date of authorization of the financial report there were a number of Standards on issue but not relevant to the Group

o. Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

p. Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the statement of profit or loss and comprehensive income. The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

q. Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Summary of significant accounting policies (con't)

r. Financial instruments issued by the company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

s. New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group are as follows:

- AASB 9*: Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 July 2018).

  The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

- AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 July 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

  When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

  The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

  - identify the contract(s) with a customer;
  - identify the performance obligations in the contract(s);
  - determine the transaction price;
  - allocate the transaction price to the performance obligations in the contract(s); and
  - recognise revenue when (or as) the performance obligations are satisfied.

  The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

  AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 July 2019).

  When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117:*Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

  The main changes introduced by the new Standard are as follows:

  - recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
  - depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
  - inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;

New Accounting Standards for application in Future Period (cont)

- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

AASB 2014-10: *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (applicable to annual reporting periods beginning on or after 1 July 2018, as deferred by AASB 2015-10: *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*).

This Standard amends AASB 10: *Consolidated Financial Statements* with regards to a parent losing control over a subsidiary that is not a "business" as defined in AASB 3: *Business Combinations* to an associate or joint venture, and requires that:

The application of AASB 2014-10 will result in a change in accounting policies for transactions of loss of control over subsidiaries (involving an associate or joint venture) that are businesses per AASB 3 for which gains or losses were previously recognised only to the extent of the unrelated investor's interest.

The transitional provisions require that the Standard should be applied prospectively to sales or contributions of subsidiaries to associates or joint ventures occurring on or after 1 July 2018.

Although the directors anticipate that the adoption of the above new accounting standards may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

2. Revenue from continuing operations

	Consolidated		Company	
	2017	2016	2017	2016
	$	$	$	$
Other revenue				
Interest revenue – Bank deposits	-	24	-	24
Total revenue from continuing operations	-	24	-	24
Other revenue	-	-	-	-
Acquisition cost recovered from Rox Resources Ltd.	220,000	-	220,000	-

3. Loss for the year before income tax from continuing operations

The Loss for the year from continuing operations has been arrived at after charging the following expenses, gains and losses

	Consolidated		Company	
	2017	2016	2017	2016
Expenses	$	$	$	$
Impairment losses on non current assets:				
Impairment (reduction) loss on loan to related entities:	-	-	-	(14,000)
Total depreciation, amortisation and impairment	-	-	-	(14,000)
Accounting, auditing, legal and other expenses	103,218	192,767	103,218	192,767
Share registry and listing expenses	30,035	40,637	30,035	40,637
Total corporate administration	**133,253**	**233,404**	**133,253**	**233,404**

3. Loss for the year before income tax from continuing operations (cont

	Consolidated		Company	
	2017	2016	2017	2016
Other expenses	$	$	$	$
Acquisition cost incurred	220,000	-	220,000	-
Total acquisition costs incurred	**220,000**	**-**	**220,000**	-

4. Income Tax

	Consolidated		Company	
	2017	2016	2017	2016
	$	$	$	$
(a) Income tax recognised in the statement of comprehensive income				
Tax expense/(income) comprises:				
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	-	-	-	-
Total tax expense/(income) in the Statement of Comprehensive Income	-	-	-	-
(b) The prima facie income tax expense on pre-tax accounting profit (loss) from operations reconciles to the income tax expense / (income) in the financial statements as follows:				
Loss from continuing operations	(275,571)	(381,135)	(272,681)	(366,833)
Income tax benefit calculated at 30% (2016: 30%)	(82,671)	(114,340)	(82,704)	(110,049)
Non deductible expenses	-	-	-	-
Tax losses not recognised as deferred tax assets	**82,671**	**114,340**	**82,704**	**110,049**
Income tax expense / (income)	-	-	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

	Consolidated		Company	
	2017	2016	2017	2016
	$	$	$	$
(c) Amounts recognised directly in equity				
Aggregate current and deferred tax arising in the reporting period and recognised directly into equity	-	-	-	-
(d) Deferred tax balances				
Deferred tax assets comprise:				
Temporary differences	-	-	-	-
(e) Unrecognised deferred tax balances				
The following deferred tax assets have not been brought to account as assets:				
Tax losses	1,399,772	1,317,101	1,399,546	1,316,842

(f) Franking account balance	2017	2016	2017	2016
	$	$	$	$
Franking account balance	-	-	-	-

Tax consolidation.

The company and its wholly owned Australian resident entities have formed a tax consolidated group and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is IM Medical Limited. Entities within the tax consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, IM Medical Limited and each of the entities in the tax consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax consolidated group. The tax sharing agreement entered into between members of the tax consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

5. Issued Capital	**Company 30 June 2017**		**Company 30 June 2016**	
	Number	**$**	**Number**	**$**
(a) Issued capital				
Ordinary shares fully paid	1,826,870,453	23,041,122	1,163,633,057	22,608,124
Share option reserve	1,018,921,259	-	853,921,259	-
		23,041,122		**22,608,124**
(b) Movements in shares on issue				
Balance at beginning of the financial period	1,163,633,057	22,608,124	952,465,220	22,042,084
Consolidation on a 1:2 basis	-	-	(476,232,610)	-
Issue of shares per non-renounceable issue	498,237,396	498,237	687,400,447	632,259
Issue of shares to converting loan investors	165,000,000	13,471	-	-
less transaction costs	-	(78,710)	-	(66,219)
Balance at the end of the financial year	**1,826,870,453**	**23,041,122**	**1,163,633,057**	**22,608,124**

(c) Movement in share option reserve	**Company 30 June 2017**		**Company 30 June 2016**	
	Number	**$**	**Number**	**$**
Balance at beginning of the financial year	**853,921,259**	-	717,713,008	-
Consolidation on a 1:2 basis	-	-	(358,856,504)	-
Granted during the year (ASX: IMIOA)	498,237,396	-	495,064,755	-
Options (ASX: IMIO) expire 30 September 2016	(358,856,504)		-	
Balance at the end of the financial year	**993,302,151**	**-**	**853,921,259**	**-**

(d) Options Granted under capital raisings (ASX: IMIOA) (Expiry date 31 March 2019)	**Number 30 June 2017**	**Exercise Price**	**Number 30 June 2016**
Share Placement Plan Offer	-	$0.002	137,500,000
Top-up Placement Offer	-	$0.002	20,564,755
Non-renounceable pro rata offer	498,237,396	$0.002	-
Underwriting Option Offer	-	$0.002	275,000,000
Prior Placement Option Offer	-	$0.002	62,000,000
	498,237,396		**495,064,755**

6. Remuneration of auditors

	Consolidated		Company	
	2017	2016	2017	2016
	$	$	$	$
Auditor of the parent company				
Auditing or reviewing the financial report.				
Current year auditors	26,727	27,429	26,727	27,429
Prior year auditors	-	1,700	-	1,700
	26,727	**29,129**	**26,727**	**29,129**

7. Current trade and other receivables

	Consolidated		Company	
	2017	2016	2017	2016
	$	$	$	$
Other receivables	3,671	3,071	-	-
Less allowance for doubtful debts	(3,671)	-	-	-
Net trade receivables	-	3,071	-	-
Goods and services tax recoverable	-	14,553	-	14,543
	-	**17,624**	**-**	**14,543**

8. Convertible Note

In August 2016 the Company issued a converting note to sophisticated investors for a total of $330,000. The notes were to be repaid by 30 December 2016, the notes were interest free but note holders received a fee through the allocation of 165,000,000 fully paid shares at $0.0001 each. In January 2017 the terms were renegotiated to extend the notes out to 31 March 2017 with a pro rata interest rate of 10% p.a. The Company repaid note holders a total of $342,115.

9. Non current other financial assets

	Consolidated		Company	
	2017	2016	2017	2016
	$	$	$	$
Investment in subsidiaries at cost	-		100	100
Represented by:				
Investment in IMI Zinc Exploration Pty Ltd	-	-	100	100
Investment in subsidiaries	**-**	**-**	**100**	**100**

10. Current trade and other payables

	Consolidated		Company	
	2017	2016	2017	2016
	$	$	$	$
Trade payables (i)	82,767	84,534	82,767	84,534
Director related accruals	172,911	218,498	172,911	218,498
	255,678	303,033	255,677	303,033
	255,678	**303,033**	**255,678**	**303,033**

(i) Amounts stated in Trade payables are on commercial terms and conditions and generally payable in 30 days. Interest is not charged on any amounts overdue. The Group has financial risk management practices in place to ensure that all payables are paid within the credit timeframe.

11. Accumulated losses

	Consolidated		Company	
	2017	2016	2017	2016
	$	$	$	$
Balance at beginning of the financial year	(22,894,407)	(22,513,272)	(22,898,099)	(22,531,266)
Net loss attributable to members of the Company	(275,571)	(381,135)	(272,681)	(366,833
Balance at the end of the financial year	**(23,169,978)**	**(23,169,978)**	**(23,170,780)**	**(22,898,099)**

12. Earnings per share

	Consolidated	
	2017	2016
	Cents	Cents
From continuing and discontinuing operations:	Per share	Per share
Basic earnings profit/(loss) per share	(0.0002)	(0.0003)
Diluted earnings profit/(loss) per share	(0.0002)	(0.0003)
From continuing operations:		
Basic earnings profit/(loss) per share	(0.0002)	(0.0003)
Diluted earnings profit/(loss) per share	(0.0002)	(0.0003)
Net loss used in the calculation of basic and diluted EPS – Continuing and Discontinuing	(245,641)	(381,135)
Net loss used in the calculation of basic and diluted EPS – Continuing Operations	(245,641)	(381,135)

	Company	
	2017 Number	2016 Number
Weighted average number of ordinary shares on issue during the financial year used in the calculation of basic earnings profit/(loss) per share	1,269,743,449	1,145,734,956
Weighted average number of ordinary shares on issue during the financial year used in the calculation of dilutive earnings profit/(loss) per share	1,269,743,449	1,145,734,956

Based on market conditions at balance date, the number and nature of potential ordinary shares that are not dilutive are as follows:

- 993,302,151 options (2016: 853,921,259) exercisable on or before various dates at a range of exercise prices per option. Refer note 5(c)

Potential ordinary shares are not dilutive as they would decrease the loss per share.

13. Subsidiaries

Name of subsidiary	Country of incorporation	2017 Ownership interest	2016 Ownership interest
Intelliheart Pty Ltd (a)	Australia	100%	100%
IMI Zinc Exploration Pty Ltd (a)	Australia	100%	100%
eHealth Imaging Pty Ltd (a)	Australia	100%	100%

(a) Members of the tax consolidated group where the head entity is IM Medical Limited.

14. Commitments for expenditure

(a) Operating Leases

There are no operating leases in place. (2016: Nil)

15. Dividends

The Directors resolved not to declare any dividends for the year ended 30 June 2017 (2016: Nil).

16. Segment information

The following is an analysis of the Group's revenue and results by reportable operating segment for the years under review.

	Revenue		Segment loss	
	Year ended		Year ended	
	30 June	30 June	30 June	30 June
Continuing operations				
Corporate	-	24	(255,571)	(381,135)
Acquisition costs recovered	220,000	-	(220,000)	-
Loss before tax			(475,571)	(381,135)
Income tax (expense)/benefit	-	-	-	-
Consolidated segment revenue and loss for the period	220,000	24	(475,571)	(381,135)

Segment loss represents the loss earned by each segment without allocation of central administration costs and directors' salaries, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

The following is an analysis of the Group's assets by reportable operating segment:

	Assets		Liabilities	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Corporate	126,822	16,750	255,678	303,033
Total	126,822	16,750	255,678	303,033

17. Notes to the statement of cash flows

	Consolidated		Company	
	2017	2016	2017	2016
	$	$	$	$
(a) Reconciliation of cash				
Cash balance comprises:				
- cash at bank	126,822	(874)	125,920	(1,585)
	126,822	**(874)**	125,920	**(1,585)**
(b) Reconciliation of the operating loss after tax to the net cash flows from operations				
(Loss) from activities after tax	(275,571)	(381,135)	(272,681)	(366,833)
Non-cash items				
Provision for Doubtful debts /Impairment	-	-	204	(14,000)
Change in assets and liabilities net of acquisitions:				
(Increase)/Decrease in receivables	17,624	6,212	14,543	6,208
Finance costs accrued	-	(85,890)	-	(85,890)
Increase/(Decrease) in payables	(47,355)	144,020	(47,355)	144,020
Net cash flow used in operating activities	**(305,302)**	**(316,793)**	**(305,209)**	**(316,495)**

(c) Non-cash Financing and Investing Activities

There were no non-cash acquisitions during the financial years ended 30 June 2017 and 30 June 2016.

18. Subsequent Events

In April 2017 the Company announced that:

- IMI has entered into a 6 month conditional option agreement to acquire Babylon. Babylon is a recently established provider of specialised equipment rental and diesel maintenance services to the expanding resource maintenance sector
- Should IMI make a decision to exercise the option to acquire Babylon, IMI intends to:
- undertake a capital raising of $3.8m and up to $6m;
- seek re-listing of its securities on the ASX following re-compliance with Chapters 1 and 2 of the ASX Listing Rules
- undertake a consolidation on a 1:20 basis; and
- change its name to Babylon Pump & Power Limited.
- The Option agreement expires on 3 October 2017.

19. Contingent liabilities

Nil

20. Related party disclosures

The names of the directors of the Company during the financial year are:

- Nigel Blaze
- Richard Wadley
- Paul Burton

(a) Equity interests in controlled entities

Details of the percentage of ordinary shares held in controlled entities are disclosed in note 13 to the financial statements.

(b) Loan disclosures

There are no related party loans between the disclosing entity and any of the key management personnel.

(c) Transactions within the wholly owned group

The wholly owned group includes:

- The ultimate parent entity in the wholly owned group; and
- Wholly owned controlled entities

The ultimate parent company in the wholly owned group is IM Medical Limited.

(d) Transactions with other related parties

Other related parties include:

- the parent entity
- subsidiaries
- key management personnel

(e)Director and executive remuneration

The aggregate compensation of the key management personnel of the consolidated entity and company is set out below:

	Consolidated		Company	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Short term employee benefits	107,440	107,300	107,440	107,300
Post employment benefits	-	-	-	-
Other long term benefits	-	-	-	-
Share based payments	-	-	-	-
Termination benefits	-	-	-	-
	107,440	107,300	107,440	107,300

(f) Details of key management personnel

Names and positions held of key management personnel in office at any time during the financial year are:

- Nigel Blaze (Non executive director, Appointed 23 March 2011)
- Richard Wadley (Non executive director, Company Secretary, CFO Appointed 23 March 2011)
- Paul Burton (Non executive director, Appointed 23 March 2011)

(g) *Loans to key management personnel*

There are no loans made by the disclosing entity or any of its subsidiaries to any key management personnel, including their personally related entities.

(h) Other transactions and balances with key management personnel

Nil

20. Related party disclosures (con't)

The following transactions, which comprise the short term employee benefits, and/or balances between the disclosing entity and any of its subsidiaries to any key management personnel, including their personally related entities were as follows:

During the year, the Company procured services to a value of $25,000 (2016: $25,000) from Nigel Blaze for the provision of consulting services. The value of the services was determined on an arm's length basis at commercial terms. At 30 June 2017 $37,567 (2016: $50,208) of the consulting services provided to the company remained unpaid. This Director's services are due and payable through a related party.

During the year, the Company procured services to a value of $44,840 (2016: $47,400) from Richard Wadley for the provision of consulting services. The value of the services was determined on an arm's length basis at commercial terms. At 30 June 2017 $85,172 (2016: $109,276) of the consulting services provided to the company remained unpaid. This Director's services are due and payable through a related party.

During the year, the Company procured services to a value of $37,660 (2016: $34,900 from Paul Burton for the provision of consulting services. The value of the services was determined on an arm's length basis at commercial terms. At 30 June 2017 $50,172 (2016: $59,014) of the consulting services provided to the company remained unpaid. This Director's services are due and payable through a related party.

21.Financial instruments

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital and accumulated losses as disclosed in notes 5 and 11 respectively. The Group operates within Australia, primarily through subsidiary companies established in the markets in which the Group trades. None of the Group's entities are subject to externally imposed capital requirements. The Group's policy is to borrow centrally, using a variety of capital market issues and borrowing facilities, to meet anticipated funding requirements.

Gearing ratio

The Board reviews the capital structure on an as needs basis. As a part of this review the board considers the cost of capital and the risks associated with each class of capital. The Group currently has no target gearing ratio. Based on recommendations of the board the Group will balance its overall capital structure through new share issues as well as the issue of new debt or redemption of existing debt.

The gearing ratio at year end was as follows:

	Consolidated		Company	
	2017 $	2016 $	2017 $	2016 $
Debt	-	-	-	-
Cash and cash equivalents	126,822	(874)	125,920	(1,585)
Net debt	126,822	(874)	125,920	(1,585)
Equity (i)	(128,855)	(286,283)	(129,657)	(289,975)
Cash / Net debt to equity ratio	(0.99)%	(0.30)%	(0.97%)	(0.55%)

(i) Equity includes all capital, losses and reserves.

(b) Categories of financial instruments

	Consolidated		Company	
Financial assets at amortised cost	2017 $	2016 $	2017 $	2016 $
Cash and cash equivalents	126,822	(874)	125,920	(1,585)
Trade Receivables	-	17,624	-	14,543
	126,822	16,750	125,920	12,958
Financial liabilities at amortised cost				
Trade Payables	255,678	303,033	255,678	303,033
	255,678	303,033	255,678	303,033

21. Financial Instruments (cont'd)

(c) Financial risk management objectives

The Group's Corporate Treasury function is provided by the Company Secretary, who monitors and manages the financial risks relating to the operations of the Group. These risks include market risk, credit risk, liquidity risk and cash flow interest rate risk. The Group seeks to minimize the effects of these risks and invests excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(d) Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates (refer note 21(e)). The Group enters into a variety of financial instruments to manage its exposure to interest rate risk, including:

- Excess liquidity is invested in short term deposits only to take advantage in movements of interest rate

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

(e) Interest rate risk management

The company and the Group are exposed to interest rate risk. The company and the Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The Group's sensitivity to interest rates has decreased during the current period.

At reporting date, the Group had $Nil (2016 :$Nil) convertible loan.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit facilities are granted on information supplied by the company or organization and sometimes supplemented by information provided by independent rating agencies. The Group's exposure of its counterparties is continuously monitored.

(f) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash reserves and banking facilities by monitoring actual cash flows.

The table below reflects all contractually fixed payouts and receivables for settlement, repayments and interest resulting from recognized financial assets and liabilities. The respective undiscounted cash flows for the respective upcoming fiscal years for other obligations are presented.

The remaining contractual maturity of the Group's financial liabilities are:

	Consolidated		Company	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
6 months or less [1]	255,678	303,033	255,678	303,033
6-12 months	-	-	-	-
1-5 years	-	-	-	-
	255,678	303,033	255,678	303,033

[1] Balance mainly represents unpaid fees to directors. (refer to the Going Concern note page 31).

21. Financial Instruments (cont'd)

(g) Fair value of financial instruments

The methods for estimating fair value are outlined in the relevant notes to the financial statements. The directors consider that the carrying amounts of financial assets and liabilities, recorded at amortised cost in the financial statements, approximates their fair value.

22. Company details

The Registered Office and principal place of business of the company is:
Level 40
140 William Street
Melbourne. Vic 3000

Additional securities exchange information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows.

The information is current as at 31 July 2017.

Ordinary share capital

- 1,826,870,453 ordinary shares held by 4,872 holders
- All issued ordinary shares carry one vote per share

Distribution of holders of equity securities

	Number of shareholders	Number of fully paid ordinary shares
1 to 1,000	2,615	885,633
1,001 to 5,000	1,133	2,978,621
5,000 to 10,000	354	2,830,633
10,001 to 100,000	438	13,702,830
100,001 and over	332	1,806,472,736
Total	**4,872**	**1,826,870,453**

Twenty largest holders
Issued equity securities

#	Ordinary Shareholder	Number of shares	%
1	CHESAPEAKE CAP LTD	196,069,080	10.73%
2	BAHEN MARK JOHN + M P	127,470,237	6.98%
3	BEIRNE TRADING PL	63,879,831	3.50%
4	BROWN BRICKS PL	56,609,091	3.08%
5	G & N LORD SUPER PL	55,609,091	3.04%
6	PATERSONS SEC LTD	55,141,188	3.02%
7	FERNLAND HOLDINGS PL	52,078,676	2.85%
8	TWO TOPS PL	51,218,750	2.80%
9	T T NICHOLLS PL	49,317,507	2.70%
10	KIRZY PL	40,000,009	2.19%
11	SKYE EQUITY PL	40,000,000	2.19%
12	ALDERHAUS PL	37,643,549	2.06%
13	SAM GOULOPOULOS PL	35,000,000	1.92%
14	REDCLIFF PL	33,227,273	1.82%
15	HOPPSCOTCH PL	31,095,852	1.70%
16	KOBIA HLDGS PL	25,781,250	1.41%
17	JASPER HILL RES PL	25,326,834	1.39%
18	ATLANTIS MG PL	22,500,000	1.23%
19	RETZOS INV PL	22,500,000	1.23%
20	LOQUELA PL	20,000,018	1.09%
	TOTAL	**1,040,468,236**	**56.93%**

Additional stock exchange information (cont'd)

Options (*listed)*

IMIOA. 993,302,151 Options exercisable at $0.02 with expiry on 31 March 2019.

Twenty largest holders

#	Listed Optionholder	Number of options	%
1	CHESAPEAKE CAP LTD	196,069,080	19.74%
2	BEIRNE TRADING PL	63,790,182	6.42%
3	FERNLAND HLDGS PL	50,566,911	5.09%
4	ROCKET SCIENCE PL	47,842,636	4.82%
5	T T NICHOLLS PL	43,007,047	4.33%
6	BAHEN MARK JOHN + M P	41,014,610	4.13%
7	G & N LORD SUPER PL	32,152,273	3.24%
8	KIRZY PL	30,663,644	3.09%
9	BROWN BRICKS PL	29,909,091	3.01%
10	ALDERHAUS PL	28,959,604	2.92%
11	REDCLIFF PL	22,431,818	2.26%
12	EVANS SIMON ROBERT	20,947,546	2.11%
13	WALLCLIFFE COTTAGES PL	19,704,545	1.98%
14	XCELERATE TRADING PL	18,750,000	1.89%
15	TWO TOPS PL	17,718,750	1.78%
16	KOBIA HLDGS PL	17,031,250	1.71%
17	LOQUELA PL	16,838,654	1.70%
18	HOWARD TRADING CO PL	13,136,364	1.32%
19	KIDMAN JANE CHRISTABEL	12,750,000	1.28%
20	HOPPSCOTCH PL	11,565,554	1.16%
	TOTAL	**734,849,559**	**73.98%**

Distribution of holders of options	Number of option holders	Number of options
1 to 1,000	20	15,030
1,001 to 5,000	40	98,470
5,000 to 10,000	14	72,744
10,001 to 100,000	40	1,771,814
100,001 and over	139	991,344,093
Total	**253**	**993,302,151**