

IMmedical.

FUTURE IN HEALTH MANAGEMENT

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UPDATE

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Procedures grow to 400 a week

The number of billable procedures performed by IM Medical has reached more than 400 a week as the company prepares for the next phase of growth.

The total number of billable procedures in November was 1681. This was more than four times the number of billable procedures in June. The November total included more than 1000 GP management plans and more than 600 allied health professional services.

Growth has been strong and steady since IM Medical began its roll-out into Melbourne medical clinics under a new strategy in mid-year. IM Medical's core business is helping doctors prepare GP

management plans, or care plans, using the company's *Intelliheart* technology to analyse a number of tests on patients with chronic illnesses such as heart disease and diabetes. This IM Medical service is known as *Intelliplan*.

This business is underpinned by Medicare rebates introduced last year to encourage preventative medicine as a long-term solution to chronic disease and its crippling impact on the health budget.

IM Medical has developed service agreements with clinics throughout Melbourne. This important access to clinics has also opened up another area of business for IM Medical to provide allied health services such as dietary advice and exercise advice to patients on care plans.

IM Medical has arrangements with a total of 50 clinics for GP management plans; 30 are already operating and the other 20 will be operating by the end of January.

The company has arrangements with a total of 28 clinics for allied health professional services; 20 are already operating and a further eight will begin by the end of February.

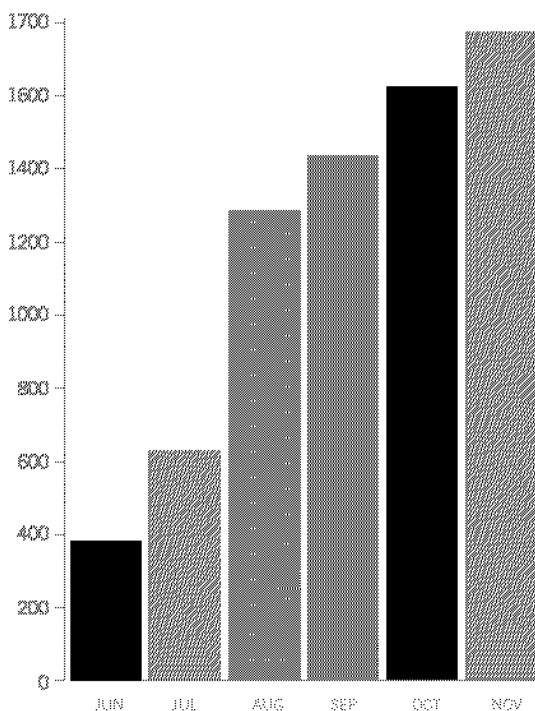
The Chief Executive Officer of IM Medical, Mr Thomas Bonvino, said it had been an exciting six months of growth for the company and he was pleased with the market's reaction. He said the number of clinics would continue to grow in the New Year.

"The months of December and January will be affected by seasonal factors, but February is looking particularly strong," he said.

The chairman of IM Medical, Dr Laurie Williams, told the Annual General Meeting in November that the company would begin operating profitably in the New Year as growth continued.

The company is scheduled to begin rolling out *Intelliplan* in other States in 2007. In November the company announced it had completed a \$1.56 million equity raising to professional and sophisticated investor clients managed by Bell Potter Securities Limited. This capital would be used to bring forward and extend the *Intelliplan* roll-out interstate.

IM PROCEDURES
 NUMBER OF BILLABLE PROCEDURES



The Board, management and staff of IM Medical Limited wishes all its customers and friends a joyous Christmas season and a prosperous New Year. The IM Medical offices will be closed from December 22. They re-open in new premises on January 15. The new address is Level 12, 484 St Kilda Road. Ph (03) 9860 0900 Fax (03) 9860 0999.

Belinda sheds the kilos

Belinda Treloar's friends can see it. Her family can see it. Belinda, 24, a schoolteacher, knows it. Suddenly, her life has changed. She is no longer moody. She is happy and she is energetic.

Belinda, who belongs to the Big Girls Group at the Royal Women's Hospital, began the group's four month program to eat better, exercise more and enjoy a healthier lifestyle.

Eight weeks into the program, Belinda began tests with IM Medical's *Intelliheart* system as part of her care plan. Today her weight has dropped 15 kilograms, including 10 kilograms since she took the *Intelliheart* test.

The Royal Women's is the first women's health clinic in Melbourne to use IM Medical's *Intelliheart* technology as part of a comprehensive assessment to help overweight women who are having trouble becoming pregnant. A second clinic, called Metabolica, run by Melbourne IVE, began using *Intelliheart* this month. Three more women's health clinics are planning to introduce the system.

The *Intelliheart* test takes about 30 minutes with a specialist technician and questions the patient on diet, exercise, blood pressure, heart problems and family history. The information is then input into a portable computer. Further measures, such as blood pressure and heart rate measures, are carried out before the results are fed into a software system to produce a comprehensive report measuring a patient's health.

Belinda was diagnosed with polycystic ovarian syndrome (PCOS) earlier this year. PCOS is a hormonal disorder that prevents regular ovulation. It affects 5-10% of all women of child-bearing age and causes weight gain and increased risk of cardiovascular disease and diabetes. Belinda weighed 128 kilograms and suffered from a history of illness and side effects including headaches, irregular periods and weight gain at the waist. Today, she is 113 kilograms. Belinda did not join the program to become pregnant but to become generally healthier.

"I was always getting colds, just everything. I had tried a thousand different things before to lose weight," she said.

"My family has a history of cardiovascular issues, strokes and high cholesterol. I wanted to try to find out where I stood, so I took the test," she said.

Following the *Intelliheart* test, Belinda began to eat better and exercise. She concentrated largely on cardio vascular training, 1000 steps, walking, jogging and working out on gym equipment.

"It was not just a program. For me, it has been a whole-of-life issue," she said. Belinda now finds she has more energy, feels happier and "I have



Belinda Treloar undertakes the *Intelliheart* test at the Royal Woman's Hospital as part of a specialist program for "The Big Girls" group. In the foreground is IM Medical technician Maggie McPherson

not had one single cold. "My work colleagues have noticed that I no longer go through moods. They see me as being totally different to what I was. Everyone sees me as being much happier. They have seen this change in my life," Belinda said.

"I am not just a fat girl losing weight. I keep saying this is a whole-of-life issue for me."

IM MEDICAL IN THE SHOWCASE

Intelliplan was taken directly to doctors at a conference and exhibition in Melbourne in late November. IM Medical staff manned a booth at the three-day General Practitioner Conference and Exhibition, which is Australia's premier primary care event, organised by GPs for GPs. More than 1000 delegates attended, many of them GPs who attend training sessions that help their professional accreditation. IM Medical staff were on hand to explain the virtues of *Intelliplan*, and the benefits available the GP practices.

IM Medical Chief Executive Officer Tommas Bonvino said the company received many enquiries from doctors and clinics from all States. More than 60 strong leads were being followed up and three doctors had signed up with IM Medical within a week of the conference.

Pictured at the IM Medical booth are staff members, left to right, Lauren Sacks, Rhett McLennan, Liz Mazeva and Mary Karagiozis



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Strong demand for range of services

The flexibility and adaptability of IM Medical's technology has been demonstrated by the widening range of services provided by the company. As doctors witness IM Medical and our *Intelliheart* technology system in action inside their clinics, they are recognising its potential in a number of health care areas.

This year's roll-out focused on introducing the *Intelliheart* technology into a number of Melbourne clinics to help doctors prepare GP Management Plans for patients with chronic diseases. This care plan work is known as *Intelliplan*.

In November, Medicare introduced a new benefit for health checks for 45 to 49-year-olds. IM Medical has tailored the *Intelliplan* system to offer this service in clinics.

The Federal Government is providing these benefits to try to prevent or manage the greatest health challenge of the 21st century – chronic diseases such as cardiovascular disease and diabetes which threaten to wreck health budgets in the future as the population ages.

A new report by the Australian Institute of Health and Welfare in November stated that more than 75 per cent of Australians have a chronic condition and these diseases were already accounting for almost 70 per cent of the country's total health costs. Obesity is a common denominator in many common chronic diseases and IM Medical's Allied Health Service was aimed at helping tackle this problem (see story below).

The GP Management Plans, 45 to 49-year-old health checks and the Allied Health Service are all provided by IM Medical inside medical clinics. Outside the clinics, IM Medical is offering workplace assessments through individual companies, employer groups, unions or tender processes. The standardised or specially designed tests for groups of workers are funded by the individuals or the companies. They can range from a five-minute pulse wave test to a full executive test.

The Chief Executive Officer of IM Medical, Mr Tommas Bonvino, said the beauty of the IM Medical business model was that

the basic technology and infrastructure could be adapted to a number of health areas.

"GP management plans have been the focus of our business this year, but we have found that our technology is quickly being recognized by doctors as flexible and useful in a number of areas," Mr Bonvino said.

ALLIED HEALTH A KEY TO AN EPIDEMIC

Obesity is a common denominator to many of Australia's most common chronic diseases, including diabetes and cardiovascular disease. More than seven million Australians are overweight and two million more are obese.

Doctors, health bureaucrats and politicians are recognizing that managing these problems is the key to the nation's good health as well as the health budget. The Federal Government has stepped to the plate by providing Medicare rebates for GP management plans and health checks for 45 to 49-year-olds. Also, there are rebates for allied health professional services for patients who fit certain criteria.

The other issue for doctors is finding time to properly manage these conditions. Too often, a busy doctor's time is dominated by the patients with urgent acute conditions who come into the clinic. Enter IM Medical. The company's *Intelliplan* system has proved a big winner in dozens of medical clinics this year as a timesaver for doctors.

So it comes as little surprise that IM Medical's Allied Health Service is also proving popular amongst doctors and patients. IM puts together teams of accredited dietitians and exercise physiologists to work with patients at clinics where IM Medical has a presence. Dietary advice and exercise are the allied health services most in demand for people with chronic diseases. These services are the key to losing weight. Patients are eligible for Medicare rebates for up to five allied health care services per year if their doctor is managing them under a Team Care Arrangement (TCA). Eligibility for TAC includes having a chronic condition for six months, having complex care needs defined by the doctor or having two or more hospital admissions in the previous six months.

IM Medical Allied Health Service teams visit clinics once a week, on any day of the clinic's choice. This ensures that patients have quick and easy access to allied health services.

IM Medical employs only those dietitians and exercise physiologists who are fully accredited and recognized by the Dietitians Association of Australia and the Australian Association of Exercise Science in Sport. The dietitians and exercise physiologists attend clinics together so patients receive a co-ordinated, holistic program of care.

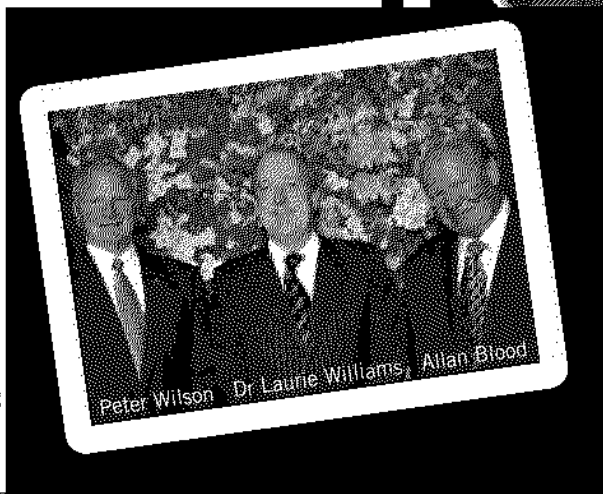
IM MEDICAL REVENUE FROM SERVICES

GP Management Plan	
Intelliheart	\$21.40
Intelliplan	\$21.40
Intelliheart + Intelliplan	\$42.80
Intelliplan only	\$21.40
Health check	
(for 45 to 49-y-o's)	\$71.40
Allied Health Service	
Standardised or tailored	\$45 to \$350
Workplace assessments	\$45 to \$350
Standardised or tailored	per individual

PROFIT IN NEW YEAR, AGM IS TOLD

About 20 people attended IM Medical's annual meeting at Melbourne's Windsor Hotel on 8 November. The meeting adopted the remuneration report and re-elected Allan Blood and Peter Wilson to the board.

In response to questions, chairman Laurie Williams told shareholders that the company expected to move into operating profit in the New Year.



IM Medical Board director Peter Wilson, left, and chairman Dr Laurie Williams, chat with a happy shareholder after the AGM.

DR WILLIAMS ALSO TOLD SHAREHOLDERS:

- One of the company's greatest assets is its relationship with doctors, which allows IM Medical staff to work inside doctor's clinics – a strength that many pharmaceutical companies would envy.
- The use of allied health professionals to support GPs – such as dieticians – “was a nice revenue source which will grow over the next few years”.
- There are no effective competitors in the chronic care field offering the services provided by IM Medical.
- IM Medical could recruit 200 clinics in Victoria before reaching saturation level. “At that point they are either too small or not suitable for us in some other way,” he said.

Mr Blood told shareholders that many may have noticed that he had made several big on-market share purchases in IM Medical recently, substantially increasing his stake.

“The reason I am very happy and increasing my holding is because we have a very good management team,” Blood said. “If we keep it simple I think it will be a very good business for all of us.”

OUR NEW CFO IS ROMAN NUMERATE

IM Medical has appointed Roman Najdecki as its new Chief Financial Officer. Najdecki has more than two decades' experience as a CFO with a range of companies and industries, from \$100 million manufacturing companies to listed biotech start-ups.

“Every industry does things differently, so I've gained an expertise in problem-solving and different ways to do things across a range of businesses,” he said.

“The attraction of IM Medical was that it was a small-cap ASX-listed company,”



Najdecki said. “I wouldn't just be the ‘finance man’, but would have a role in commercial issues, which is what I have been doing for the past 20 years.”

“With a company that is virtually in start-up mode, I felt I could make some good contributions to the company while it's young, and also when it achieves its targets and becomes a much bigger organisation.

“I've worked in companies at either end of the spectrum as far as size goes, so I felt I could add some value.”

Najdecki began work on 13 November. “There is a good energy among the people who work here.”

Najdecki, an enthusiastic Essendon supporter who enjoys playing tennis, is married with two teenage sons. His appointment follows the departure in September of former CFO Lincoln Tong.



IM Medical's new office is on Level 12 at 484 St Kilda Road.

NEW PREMISES FOR GROWING IM

IM Medical is moving to larger premises in St Kilda Road, Melbourne, as the company grows and services expand.

The new office, about twice as big as the old office, are about 200 metres away at 484 St Kilda Road, on Level 12.

The 14 staff of IM Medical were scheduled to move in mid-December. The new phone number is (03) 9860 0900.

The fax is (03) 9860 0999.

IM Medical's new CFO Roman Najdecki

One of the company's greatest assets is its relationship with doctors, which allows IM Medical staff to work inside doctor's clinics – a strength that many pharmaceutical companies would envy.