

IMmedical.

FUTURE IN HEALTH MANAGEMENT

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 FOR IM MEDICAL

UPDATE

Test numbers back on track

IM Medical has continued on its march towards profitable territory, turning in an equal record month for February 2007, even after a slow start, which is attributable to regular seasonal factors in Australia.

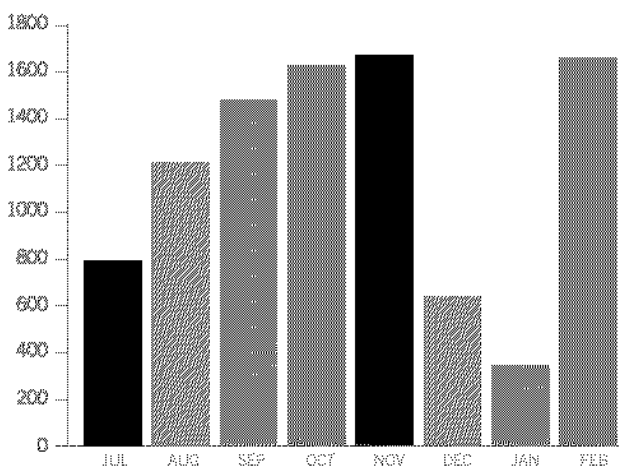
Traditionally, the year starts slowly across the elective medical sector, with many Australians off work or away on holiday. Rightly or wrongly, it appears health management issues often take a back seat during the festive season.

However, in a very encouraging turnaround, the company is back on track with February 2007 having become an equal record month for IM Medical as the rate of take-up for our services exceeded the normal post-festive season slow-down.

Much of the credit must go to the growing service of Intelliheart for Workplace Wellness Assessments. The service was a spectacular performer over the month with an increasing number of high-profile employers taking the opportunity to look after their staff by having

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IM PROCEDURES
 TOTAL BILLABLE PROCEDURES



IM MEDICAL TO ACQUIRE NEW-GENERATION CARDIOVASCULAR TECHNOLOGY

IM Medical is on the verge of setting new international standards for cardiovascular diagnostics with its agreement to acquire new Australian-developed analytical software, which vastly improves and extends results from the current generation of electrocardiogram (ECG) machines.

This acquisition means IM Medical will be the only company in the world offering the new-generation diagnostic technology, and this is expected to lead to substantial growth in revenue base and company size.

Under the terms of the deal, IM Medical will acquire cardiovascular technology development company Cardanal Pty Ltd's intellectual property and CPI software. When the deal is completed, IM Medical will own 100% of the Cardanal technology in Australia and 90% internationally, with Cardanal's founder, Dr Aaron Ginzburg, owning the remaining 10%.

"Using existing hardware, Cardanal's revolutionary CPI software provides far greater accuracy and precision in detecting coronary artery disease or reduced coronary blood flow than a standard ECG," says IM Medical CEO Tommas Bonvino.

In addition to potentially offering substantially more accurate and earlier diagnosis of heart disease, the leading cause of death and hospitalisation in Australia and the western world, the software can also deliver more precise readings when incorporated into IM Medical's current *Intelliheart* test.

"The combined CPI software/*Intelliheart* product will put us in the position of being the only company in the world offering a more precise test analysis regime made possible by this Melbourne-based breakthrough," Mr. Bonvino says. "The

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National rollout begins

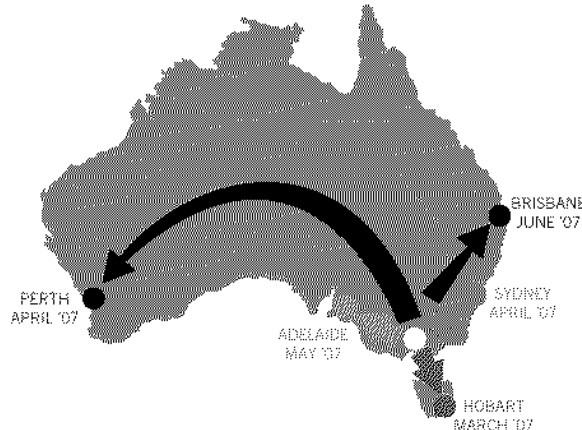
IM Medical is about to begin its assault on new untapped markets with the national rollout of its full range of services into Tasmania, Western Australia, South Australia, Queensland and New South Wales.

Clinicians who attend the launches will have the opportunity to become more familiar with IM Medical's unique range of products and services.

The new strategy comes into play with the first interstate launch to be held in Tasmania on 21 March 2007.

Representatives from clinics across Tasmania have been invited to the cocktail presentation at the prestigious Hadley's in Hobart.

"This is a huge development for IM Medical because the start



of the interstate launches will signal the beginning of our carefully planned move into lucrative national markets," says IM Medical CEO Tommas Bonvino.

After the excitement of the Hobart launch, it is back to the mainland to prepare for an even bigger event in Perth in April 2007.

The Perth event will be particularly significant as it will also be used to further cement relationships with local clinics associated with a large existing IM Medical client in Melbourne.

"As the national rollout gathers pace, there are also plans in place for future launches in South Australia, Queensland and New South Wales," Mr Bonvino says. "Stay tuned for future developments."

Test numbers back on track (from page 1)

From its introduction in January 2007, and with a test total of 113, Workplace Testing experienced unprecedented pickup, with a February 2007 figure of more than 800. As news of the service spreads, it is expected the numbers will continue to rise.

IM Medical's Executive Test, which combines an Intelliheart test with a comprehensive health check, was also a dynamic performer. Even though it was designed mainly for the corporate client, the Executive Test is becoming increasingly popular with employers

whose workforce may be subjected to stress and strain during the normal course of their employment.

IM Medical is also experiencing growth within its Allied Health service, which involves allied health professionals in the care and management of chronic patients.

GPMP remains the company's strongest arm with further growth expected in future months.

The company is also taking steps to build on the positive trends identified for the month of February 2007.

IM Medical to acquire new technology (from page 1)

potential world market for the combined product is huge, with estimates of more than 50 million ECGs being carried out in Australia each year and about 700 million in the US. Recent studies have put the annual cost of cardiovascular disease in Australia alone at more than \$14 billion.

"The impending acquisition will see IM Medical well placed to take advantage of this growing and lucrative market on both an Australian and global basis."

To advance the software to its current stage has taken 18 years of research and development in conjunction with some of Australia's, and the world's, leading cardiovascular specialists and institutions.

The Cardanal technology can be used with the world's most commonly used cardiovascular diagnostic tool, the ECG machine, propelling this more than 100-year-old technology into the modern era.

The software will be able to be used in association with most modern ECG machines to provide a new and significantly

expanded ECG analysis, giving relatively quick, non-invasive, reliable and low-cost diagnosis of coronary vascular disease.

Under the agreement, which is subject to shareholder approval, Cardanal's key R&D personnel, including company founder Dr Aaron Ginzburg and the eminent specialists and cardiovascular consultants from Cardanal's scientific advisory board, will stay with the development project under the IM Medical banner.

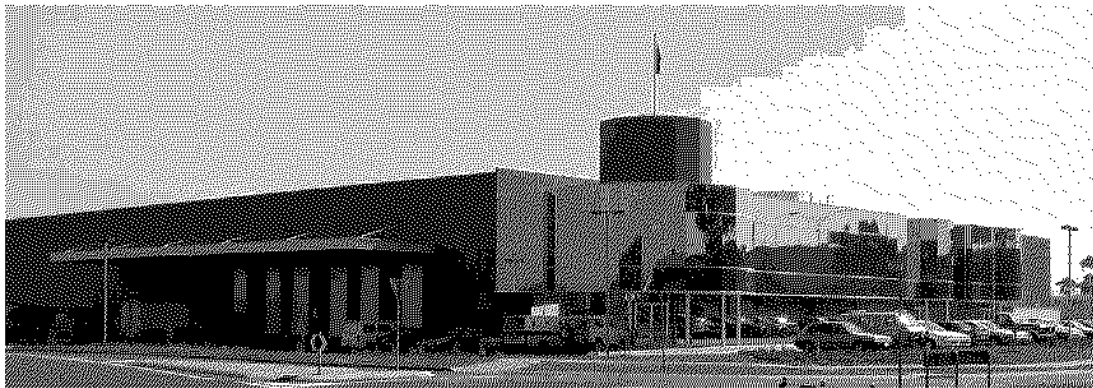
IM Medical will facilitate completion of the development program over the next six months before incorporating the highly synergistic tool into its fast growing *Intelliheart* test.

The company will then be in a position to mount a renewed marketing campaign to make this breakthrough known in local, interstate and international markets.

Settlement of the proposed acquisition is subject to a number of conditions, including approval by IM Medical shareholders. A notice of meeting and relevant explanatory documentation will be sent to shareholders shortly.

Clinicians attending the interstate launches will have the opportunity to become more familiar with IM Medical's unique range of products and services.

Workplace Wellness assessment gather pace



Hudson Pacific's headoffice and distribution centre.

Below, CEO of Hudson Pacific, Ken Skoullis

As we move forward there are plans to streamline and more heavily promote the recently introduced Workplace Wellness Tests. This focused cardiovascular test is a new revenue stream, under which staff members are given a complete *Intelliheart* test.

The Workplace Wellness tests are expected to be a continuing source of increasing revenue in the future as it makes further inroads into the public and private markets.

The service has been gathering momentum with mass testing recently carried out on more than 800 employees at a telecommunications provider, while a major cruise company and law firms have made a similar investment in the health and wellbeing of their workforces.

Major food distributor, Hudson Pacific, has also signed up and will have employee testing done in the near future.

Ken Skoullis is the CEO of Hudson Pacific, an organisation he describes as a multi-faceted food service company supplying about 6,000 lines to a range of businesses, including hotels, restaurants, bakeries and manufacturers. Mr Skoullis explains why he has decided to have all his 100 employees undergo IM Medical Workplace testing:

"It's a family-style company with most employees having worked here for a long time," Mr Skoullis says. "Many of the current employees started with me in 1971, when the company began in its original form, so our bond goes well beyond the average employer-employee relationship.

"I'm working with my friends here. I know where they live, the footy teams they barrack for. I even know the names of many of their family members, so I want to know if there's something personal bothering anyone, and that includes health issues.

"If there's any way I can help to keep them in good health and good spirits, I'm not only looking after my friends, but it also makes good business sense.

"I think all employers should go out of their way to promote employee health because healthy employees make a difference to all



aspects of our business, from giving a good impression to a client to having the capacity to carry out some of the more physically demanding duties.

"That's why we decided to use IM Medical's Workplace Testing service to make sure that everyone can receive early warning of any impending problems.

"We have decided to include the IM Medical service in our comprehensive employee health program, which also offers incentives for them to give up smoking, subsidies for gym membership and careful adherence to health and safety procedures at all times.

"We are planning on having all the employees tested in specific groups, taking into account factors such as age and other risk factors. The tests will then be repeated at regular intervals for the longer-term monitoring of the staff members.

"It's interesting to note that we have one employee who did not come to work today because he is off having further testing for high cholesterol. There's a good chance his problems could have been picked earlier with the type of testing IM Medical is going to be doing for us."

"I think all employers should go out of their way to promote employee health because healthy employees make a difference to all aspects of our business."
— Ken Skoullis, CEO of Hudson Pacific.

Breakthrough technology for IM Medical

CPI product developer, Dr Aaron Ginzburg describes the advantages of his creation and his association with IM Medical.

Cardanal Pty Ltd was formed in January 2004 from an RMIT University (Melbourne) research project to develop and commercialise the innovative Cardanal Predictive Index™ (CPI) tool, which facilitates early diagnosis of heart diseases.

IM Medical's mission is to become a world leader in providing universal non-invasive diagnostic tools and associated support services for better cardiac health assessment, the company is in the perfect position to facilitate the completion and commercialisation of CPI.

For many people Sudden Cardiac Death (SCD) is the first manifestation of heart disease, therefore early awareness and recognition are important for prevention. Because these silent heart attacks go undetected they cannot be treated early and this increases the chance of further, sometimes fatal, complications.

Cardanal's technology leverages off the most commonly used tool in cardiac diagnosis, the electrocardiogram (ECG) machine, and offers an innovative ECG-based system for a quick, non-invasive, reliable and low-cost diagnosis of coronary vascular disease, and especially ischemia, at early stages.

Even though the standard ECG is 19th century technology, its advantages are that it is low-cost, non-invasive, simple to record, highly reproducible and can be applied regularly without harm to the patient.

The large volume of ECGs (over 50 million annually in Australia and about a billion in the USA) at a cost of billions of dollars attests to the importance of the procedure and to its versatility, its role in diagnosis, decision-making and risk-stratification, and critical knowledge for the appropriate care of patients with and without heart disease.

The Cardanal digital technology is also aimed at reducing the need for more expensive invasive procedures. As a result, Cardanal is revolutionising non-invasive cardiology with a monitoring system of unmatched diagnostic capabilities for ischemic heart diseases.

The CPI product delivers high levels of accuracy by removing the subjectivity of visual interpretation of ECG readouts and enables medical practitioners to review a patient's heart over time, rather than at a particular moment as is currently the case.

One of the main advantages of Cardanal's proprietary software is that it can be integrated into existing diagnostic equipment or used independently.

"Cardanal is a perfect match for the opportunities at IM Medical and we have every confidence that together we will lift patient care to a new level of excellence," says Tom Bonvino.



Dr Aaron Ginzburg and Mr Igor Zilberman, Senior Analyst discuss the next phase of development for the CPI software.

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