IM MEDICAL LIMITED

(ABN 47 009 436 908)

Appendix 4D

Half Year Report
For The Period Ended 31 December 2007

(Previous corresponding period: Half Year End 31 December 2006)

This Half Year Report is provided to the
Australian Stock Exchange (ASX) under ASX Listing Rule 4.2A.3.

Results for Announcement To The Market

Revenue and Net Profit/(Loss)

		Percentage Change %		Amount $
Revenues from ordinary activities	Up	49%	To	561,853
(Loss) from ordinary activities after income tax attributable to members	Up	(64%)	To	($1,805,902)
Net (loss) attributable to members	Up	(64%)	To	($1,805,902)

Dividends (Distributions)

	Amount per security	Franked amount per security
Interim dividend	N/A	N/A
The record date for determining entitlements to the final dividend is N/A		
Previous corresponding period		
Interim dividend	N/A	N/A

Brief explanation necessary to enable the above to be understood

The operating results for the 6 months reflect the slowdown in revenue from clinics and the continued development costs of the Cardanal products. The operating loss for the 6 months ended 31 December 2007 is $1,805,902 (2006: loss of $1,099,907). The further development costs of the Cardanal technology amounted to $365,000 (2006:nil) , while marketing costs to establish additional markets, including Consumer Retail products ,significantly impacted the half year results.

During the 6 month period to 31 December 2007, IM Medical has continued on its path to secure revenue from sources other than Medicare rebatable clinics. To add to this clinic revenue, it is still pursuing markets in the Consumer Retail area, particularly Pharmacies and Fitness Centres. Market development is still continuing in the Workplace area although the penetration is not as quick as management would have liked.

Net Tangible Assets Per Security

Net tangible assets per security (with comparative figure for the previous corresponding period):

	Current period	Previous corresponding period
Net tangible assets security	0.32 cents	0.14 cents

The accounts attached have been subject to an audit review.

This half yearly report is to be read in conjunction with the half year financial report and the most recent annual financial report.

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IM MEDICAL LIMITED

ABN: 47 009 436 908

Financial Report for the
half-year ended 31 December 2007

Directors' report

The directors of IM Medical Limited submit herewith the financial report of the Company for the half-year ended 31 December 2007. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Director names

The names of the directors of the Company during the half-year and until the date of this report are below. All directors were in office for the entire period, unless otherwise stated.

Mr Allan Blood	Dr Leon Massage	appointed 10/12/07
Mr Craig Cook	Mr Dipak Sanghvi	appointed 10/12/07
Mr Tommas Bonvino		

Review and results of operations

In preparing the Review of Operations, the directors have omitted material concerning the consolidated entity's business strategies and prospects for future financial years, as they believe it is likely to result in unreasonable prejudice to the consolidated entity or any entity that is part of the consolidated entity.

(a) *Overview*

The objective of the consolidated entity is to create sustained shareholder value by advancing human health through the delivery of innovative prevention and management of cardiovascular and other life threatening diseases.

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 company 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*

The operating results for the 6 months reflect the slowdown in revenue from clinics and the continued development costs of the Cardanal products. The operating loss for the 6 months ended 31 December 2007 is $1,805,902 (2006: loss of $1,099,907). The further development costs of the Cardanal technology amounted to $365,000 (2006:nil) , while marketing costs to establish additional markets, including Consumer Retail products ,significantly impacted the half year results.

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The prospect of revenue from the Fitness Centre market has been enhanced by the arrangement with Beach House Fitness Centres to incorporate the Intelliheart test as part of its initial membership offering.

(c) *Details of investments for future performance*

Investment in plant and equipment continues to be the only capital expenditure in the current period and the benefits are expected to contribute to revenue growth in the forthcoming financial year end. The investments made to date will provide the platform for the consolidated entity to grow, where a strong service offering has been identified to be rolled out to key market segments.

(d) *Review of financial conditions*

Since the commencement of the current half year reporting period, the company has benefited from a capital raising of $3.12 million (before costs). This has been raised from sophisticated investors and this was received in August 2007. This has provided additional working capital to continue with the commercialisation of the Intelliheart system and Cardanal products. In August 2007, some shareholders exercised options for proceeds to the value of $950,000.

(e) Risk management and corporate governance practices

The Board has delegated to the Audit, Risk and Compliance Committee 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 optimize the returns gained from its business activities and to meet the expectations of its shareholders.

Auditor's independence declaration

The auditor's independence declaration is included on page 5 of the half-year financial report.

Signed in accordance with a resolution of the directors.

On behalf of the Board of Directors

Dipak Sanghvi
Director
27 February 2008
Melbourne

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

180 Lonsdale Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX: 111
Tel: +61 (0) 3 9208 7000
Fax: +61 (0) 3 9208 7001
www.deloitte.com.au

The Board of Directors
IM Medical Limited
Level 12, 484 St Kilda Road
Melbourne Victoria 3004

27 February 2008

Dear Board Members

IM Medical Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of IM Medical Limited.

As lead audit partner for the review of the financial statements of IM Medical Limited for the half-year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Eric W Passaris

E W Passaris
Partner
Chartered Accountants

Member of
Deloitte Touche Tohmatsu

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Deloitte.

Deloitte Touche Tohmatsu
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180 Lonsdale Street
Melbourne VIC 3000
GPO Box 78
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Independent Auditor's Review Report to the Members of IM Medical Limited

We have reviewed the accompanying half-year financial report of IM Medical Limited ("the company") and its controlled entities, which comprises the balance sheet as at 31 December 2007, and the income statement, cash flow statement, statement of recognised income and expense for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 8 to 15.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of IM Medical Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of IM Medical Limited on 27 February 2008 would be in the same terms if provided to the directors as at the date of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of IM Medical Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Eric W Passaris

Eric Passaris
Partner
Chartered Accountants
Melbourne, 28 February 2008

Directors' declaration

The directors declare that they are of the opinion that:

a) the attached financial statements and notes thereto comply with Accounting Standards;

b) the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the consolidated entity;

c) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and

d) at the date of this declaration there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s303(5) of the Corporations Act 2001.

On behalf of the Board of Directors

Dipak Sanghvi
Director
27 February 2008
Melbourne

Condensed Consolidated Income Statement for the half-year ended 31 December 2007

	Note	31 Dec 2007 $	31 Dec 2006 $
Revenue		561,853	377,759
Depreciation and amortisation		(151,579)	(106,055)
Corporate administration		(302,991)	(194,710)
Travel and entertainment		(127,152)	(45,811)
Occupancy and administration		(94,243)	(128,116)
Consulting fees		(230,382)	(215,737)
Research & development		(126,400)	(103,956)
Director and employee benefits		(1,106,657)	(620,561)
Marketing and promotion		(218,113)	(47,402)
Other expenses		(10,238)	(15,318)
Loss before income tax expense		**(1,805,902)**	**(1,099,907)**
Income tax expense		-	-
Net loss attributable to members of the parent entity		**(1,805,902)**	**(1,099,907)**
Basic earnings (loss) per share (cents per share)		(0.15)	(0.12)
Diluted earnings (loss) per share (cents per share)		(0.15)	(0.12)

The above income statement is to be read in conjunction with the attached notes.

Condensed Consolidated Statement of Recognised Income and Expense for the half-year ended 31 December 2007

	Half year ended 31 Dec 2007 $	Half year ended 31 Dec 2006 $
Net income recognised directly in equity	-	-
Loss for the period	(1,805,902)	(1,099,907)
Total recognised loss for the period	**(1,805,902)**	**(1,099,907)**

The above statement of recognised income and expense is to be read in conjunction with the attached notes.

Condensed Consolidated Cash Flow Statement for the half-year ended 31 December 2007

	Note	31 Dec 2007 $	31 Dec 2006 $
Cash Flows from Operating Activities			
Receipts from customers		463,902	172,543
Receipts from R&D Tax Offset		182,586	-
Payments to suppliers and employees		(2,221,240)	(1,674,884)
Interest received		84,229	52,204
Interest paid		(6,290)	(7,957)
Net cash flows from operating activities		(1,496,813)	(1,458,094)
Cash Flows from Investing Activities			
Payment for property, plant and equipment		(41,870)	(78,085)
Net cash flows from investing activities		(41,870)	(78,085)
Cash Flows from Financing Activities			
Proceeds from issue of securities		4,070,000	1,875,000
Capital raising costs		(124,800)	(78,100)
Increase in borrowings		-	(14,559)
Repayment of borrowings		-	-
Net cash flows from financing activities		3,945,200	1,782,341
Net increase in cash held		**2,406,517**	**246,162**
Cash at beginning of the financial period		**282,698**	**2,433,502**
Cash at the end of the financial period		**2,689,215**	**2,679,664**

The above cash flow statement is to be read in conjunction with the attached notes.

Condensed Notes to the consolidated interim financial report for the half-year ended 31 December 2007

1. Significant accounting policies

a) Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting.* Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting.* The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The condensed interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the annual financial report for the year ended 30 June 2007 and any public announcements made by IM Medical Limited and its controlled entities during the half year in accordance with continuous disclosure requirements arising under the Corporations Act 2001. The report therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The consolidated interim financial report was approved by the Board of Directors on 26 February 2008.

The accounting policies applied by the Company in this condensed interim financial report are the same as those applied by the Company in its financial report as at and for the year ended 30 June 2007.

2. Issued capital

	Consolidated 31 Dec 2007 Number	Consolidated 31 Dec 2007 $	Consolidated 30 Jun 2007 Number	Consolidated 30 Jun 2007 $
(a) Issued capital				
Ordinary shares fully paid	1,201,302,303	13,766,735	1,041,357,945	9,612,060
Share option reserve	68,500,000	78,375	101,000,000	78,375
		13,845,110		**9,690,435**
(b) Movements in shares on issue				
Balance at beginning of the financial year	1,041,357,945	9,612,060	803,630,672	5,601,560
Equity raisings **(i)(ii)**	120,000,000	3,120,000	120,000,000	1,760,000
less transaction costs	-	(124,800)	-	(78,000)
Issue of ordinary shares in lieu of services **(ii)**	4,350,000	87,000	20,000,000	200,000
Issue of ordinary shares in lieu of services	3,094,358	122,475	-	-
Issue of ordinary shares purchase IP	-	-	72,727,273	1,600,000
Issue of ordinary shares in lieu of CEO services **(ii),4(b)**	-	-	10,000,000	200,000
Exercise of options	32,500,000	950,000	15,000,000	150,000
Transfer from share options reserve	-	-	-	178,500
Balance at the end of the financial year	**1,201,302,303**	**13,766,735**	**1,041,357,945**	**9,612,060**

(i) Equity raisings – half year ended 31 December 2007

Date	Details	Number	Issue price	$
7 Aug 2007	New issue of ordinary shares	120,000,000	$0.026	3,120,000
		120,000,000		3,120,000

(ii) Movements in shares on issue

These movements in the issued capital of the company were approved by shareholders at the annual general meeting held on 20 November 2007.

	Consolidated 31 Dec 2007 Number	Consolidated 31 Dec 2007 $	Consolidated 30 Jun 2007 Number	Consolidated 30 Jun 2007 $
(c) Movements in share option reserve				
Balance at beginning of the financial year	101,000,000	78,375	116,000,000	256,875
Exercise of options and transfer to issued capital	(32,500,000)	-	(15,000,000)	(178,500)
Expiration of options	-	-	-	-
Balance at the end of the financial year	**68,500,000**	**78,375**	**101,000,000**	**78,375**

3. Net tangible asset

	31 Dec 2007	30 Jun 2007
Net tangible assets	$3,795,422	$1,446,651
Number of shares on issue	1,201,302,303	1,041,357,945
Net tangible asset backing (cents)	0.32	0.14

4 (a) Accumulated losses

	31 Dec 2007 $	30 Jun 2007 $
Balance at beginning of the financial period	(6,579,586)	(3,192,486)
Net loss attributable to members	(1,805,902)	(3,387,100)
Balance at end of the financial period	(8,385,488)	(6,579,586)

4 (b) Prior Period adjustment

Accumulated losses and issued capital as at 30 June 2007, were increased by the effect of a prior period adjustment resulting from a share based payment to CEO Tom Bonvino as per his Executive Service Agreement. The issue of 10 million shares were valued at $200,000 based on a grant date of 1 June 2007. These shares were issued on 7 August 2007 and subsequently approved by shareholders at the AGM held on 20 November 2007.

5. Significant transactions

There are no significant transactions outside of those events reported in the review of operations and body of this report.

6. Subsequent events

There have been no subsequent events which materially affect the company's results.

7. Dividends

The Company resolved not to declare any dividends in the period ended 31 December 2007.

8. Segment information

The Company operates in one business segment and one geographical location, being in the Australian medical industry.