

Appendix 4D

Half Year Report For The Period Ended 31 December 2013 (Previous corresponding period: Half Year End 31 December 2012)

*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 continuing operations	Down	99%	To	\$34
Loss from continuing activities after income tax attributable to members	Down	4%	To	(\$256,815)
Net loss attributable to members	Down	21%	To	(\$256,815)

Dividends (Distributions)

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

Brief explanation necessary to enable the above to be understood

The net loss after tax for the period was \$256,815 compared to a loss of \$326,125 for the same period last year.

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	\$0.0002 cents	\$0.0004 cents

In December 2013 the Company placed 124,000,000 shares to raise \$248,000.

The accounts attached have been subject to a review.

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

IM MEDICAL LIMITED

ABN: 47 009 436 908

Financial Report for the
Half-year ended 31 December 2013

Directors' report

The directors of IM Medical Limited (the Company) submit herewith the financial report of the Company and its subsidiaries (the Consolidated entity) for the half-year ended 31 December 2013. 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 Nigel Blaze

Mr Brett Johnson (appointed 19 December 2013)

Mr Richard Wadley

Mr Paul Burton

Review and results of operations

(a) Review and results of operations

The loss for the half-year was \$256,815 compared to a loss of \$326,125 for the corresponding period.

(b) Future development

The Company announced the execution of the Merger Implementation Agreement with White Data Limited on 19 December 2013. White Data is a specialist data centre management company, and is the manager of the White Data Property Trust which is focused on becoming a leading provider of data centre, disaster recovery and technology solutions in Australia and the Asia Pacific.

Following completion of the acquisition of White Data, IMI expects to have a single clear focus on development and management of data centre and cloud computing services.

The Board believes that the proposed acquisition of White Data and change of business is in the interests of IMI shareholders and is a very positive step for the Company. The directors believe the Acquisition offers the potential for significant growth in shareholder value over the medium term.

The Company is in the process of finalising the transaction documentation, including the notice of general meeting to present the proposed merger for shareholder approval. The Company expects to dispatch the notice of meeting in March 2014.

(c) Review of financial conditions

Over the last six months the Company has incurred corporate costs associated with the merger negotiations with White Data Limited.

(d) 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.

(e) Subsequent events

In the second half of 2013, the Consolidated entity entered into discussions with White Data Limited to discuss an opportunity for a reverse acquisition. These negotiations resulted in the execution of the Merger Implementation Agreement. This was announced to the market on December 19, 2013. It is intended to hold a shareholder meeting in May 2014 to consider the terms of the acquisition.

Auditor's independence declaration

The auditor's independence declaration is included on page 16 of the half-year financial report.

Signed in accordance with a resolution of the directors and made pursuant to s306(3) of The Corporations Act 2001.
On behalf of the Board of Directors

A handwritten signature in black ink, appearing to read 'N. Blaze', with a long horizontal stroke underneath.

Nigel Blaze
Director
28 February 2014
Melbourne

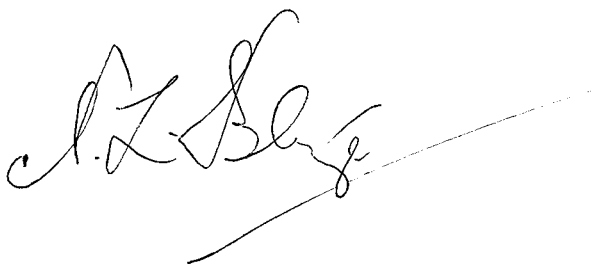
Directors' declaration

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; and
- 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 giving a true and fair view of the financial position and performance of the Consolidated entity.

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

A handwritten signature in black ink, appearing to read 'N. Blaze', with a long horizontal line extending from the end of the signature.

Nigel Blaze
Director
28 February 2014
Melbourne

Condensed consolidated statement of profit or loss and other comprehensive income
for the half-year ended 31 December 2013

	Note	31 Dec 2013 \$	31 Dec 2012 \$
Continuing Operations			
Revenue		34	3,490
Corporate administration		(115,724)	(177,954)
Legal and consulting fees		(42,822)	(5,810)
Director and employee benefits		(78,000)	(76,990)
Other expenses		(20,303)	(8,861)
Loss before income tax expense		(256,815)	(266,125)
Income tax expense		-	-
Loss for the period from continuing operations		(256,815)	(266,125)
Discontinued Operations			
Loss from discontinued operations	3	-	(60,000)
Loss for the period		(256,815)	(326,125)
Other comprehensive income		-	-
Total comprehensive income for the period		(256,815)	(326,125)
Continuing and Discontinued Operations			
Basic loss per share (cents per share)		(0.03)	(0.04)
Diluted loss per share (cents per share)		(0.03)	(0.04)
Continuing Operations			
Basic loss per share (cents per share)		(0.03)	(0.03)
Diluted loss per share (cents per share)		(0.03)	(0.03)

The above condensed consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the attached notes.

Condensed consolidated statement of financial position
as at 31 December 2013

	Note	31 Dec 2013 \$	30 Jun 2013 \$
Current Assets			
Cash and cash equivalents		292,966	232,635
GST refundable		22,909	14,912
Sundry debtors		2,477	-
Prepayments		15,168	14,993
Total current assets		333,520	262,540
Total assets		333,520	262,540
Current liabilities			
Trade and other payables		131,208	36,533
Total current liabilities		131,208	36,533
Total liabilities		131,208	36,533
Net assets		202,312	226,007
Equity			
Issued capital	2(a)	22,044,344	21,811,224
Accumulated losses		(21,842,032)	(21,585,217)
Total equity		202,312	226,007

The above condensed consolidated statement of financial position is to be read in conjunction with the attached notes.

Condensed consolidated statement of changes in equity
for the half-year ended 31 December 2013

Consolidated	Issued capital	Accumulated losses	Total
	\$	\$	\$
Balance at 1 July 2012	21,810,949	(21,138,728)	672,221
Total comprehensive loss for the period	-	(326,125)	(326,125)
Balance as at 31 December 2012	21,810,949	(21,464,853)	346,096
Balance at 1 July 2013	21,811,224	(21,585,217)	226,007
Equity raising (less transaction cost)	233,120	-	233,120
Total comprehensive loss for the period	-	(256,815)	(256,815)
Balance as at 31 December 2013	22,044,344	(21,842,032)	202,312

The above condensed consolidated statement of changes in equity is to be read in conjunction with the attached notes.

Condensed consolidated statement of cash flows
for the half-year ended 31 December 2013

	31 Dec 2013 \$	31 Dec 2012 \$
Cash Flows from Operating Activities		
Payments to suppliers and employees	(172,824)	(303,740)
Interest received	35	3,490
Net cash flows used in operating activities	<u>(172,789)</u>	<u>(300,250)</u>
Cash Flows from Financing Activities		
Proceeds from issue of securities	248,000	-
Payment of capital raising costs	(14,880)	-
Net cash flows provided by financing activities	<u>233,120</u>	<u>-</u>
Net (decrease)/increase in cash held	60,331	(300,250)
Cash at beginning of the financial period	232,635	633,753
Cash at the end of the financial period	<u>292,966</u>	<u>333,503</u>

The above condensed consolidated statement of cash flows 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 2013

1. Summary of significant accounting policies

Basis of Preparation

Statement of compliance

The half-year financial report is a general purpose condensed 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.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost. 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 accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2013 financial report for the financial year ended 30 June 2013, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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.

The consolidated entity incurred a net loss of \$256,815 (2012: \$326,125) and incurred negative cash flows from operations of \$172,789 (2012: \$300,250) during the period ended 31 December 2013. As at 31 December 2013 the consolidated entity had an excess of current assets over current liabilities of \$202,312 (30 June 2013: \$226,007), and accumulated losses of \$21,842,032 (30 June 2013: \$21,585,217).

The directors have prepared a cash flow forecast through to February 2015. Based on current cash reserves in place at the date of this report cash flow forecasts indicate that the consolidated entity will only have sufficient cash resources to continue to pay its debts to May 2014. Therefore to continue as a going concern the consolidated entity must raise additional equity around May 2014.

On 19 December 2013 the company announced that it entered into a binding agreement to acquire 100% of White Data Limited ("White Data") in exchange for \$9.1m of shares in the company (based on a notional issue price of 0.2 cents per share) (the "Transaction" or "Acquisition"). The Transaction is subject to certain conditions precedent being satisfied, including the following:

- Company shareholder approval and receipt of an independent expert's report concluding that the acquisition of the company shares by certain White Data shareholders is reasonable to unassociated company shareholders
- Completion of a minimum \$12.5million equity capital raising by the Company
- Receipt of an offer of debt finance to complete construction of the shell and core of the Brisbane data centre and refinance \$4.1m of existing debt
- Re-compliance with Chapters 1 & 2 of the ASX Listing Rules and re-admission to the official list of the ASX.

The Company is currently finalising experts reports, transaction documentation and the due diligence process in relation to the Transaction and this is expected to be completed in early March 2014. The directors anticipate the Transaction will be completed in May 2014.

However, to complete the Transaction, the consolidated entity will need to incur additional cash outflows over and above the nominal cash outflows. Depending on the level of expenditure incurred in relation to the Transaction or future investment activities, the consolidated entity may expend its cash reserves before May 2014 when the funds from the Transaction are received.

Accordingly it is reasonably likely that additional funds will need to be required to provide sufficient working capital to the consolidated entity to complete the Transaction.

Notwithstanding the circumstances and budgeted expenditure outlined above, the directors, based on discussions with their advisors, are confident that the consolidated entity will be able to raise additional equity to fund the activities outlined above.

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

- The ability of the consolidated entity to raise further equity, where necessary, to fund working capital, and the acquisition of White Data Limited and;
- The successful completion of the acquisition of White Data including the capital raising and following completion of the acquisition generation of sufficient cash flows to fund its operations.

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 consolidated entity will be able to continue as a going concern.

If the consolidated entity is unable to continue as a going concern it may realise its assets and extinguish its 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 consolidated entity not continue as a going concern.

Standards and Interpretations affecting amounts reported in the current period (and/or prior period)

The following new and revised Standards and Interpretations have been adopted in the current year and have affected the amounts reported in these financial statements.

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 their operations and effective for the current half year. New and revised Standards and amendments thereof and Interpretations effective for the current period that are relevant to the Group include:

- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'
- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'
- AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'
- AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'
- AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior periods.

2. Issued capital

	Company at 31 Dec 2013		Company at 30 Jun 2013	
	Number	\$	Number	\$
(a) Issued capital				
Ordinary shares fully paid	952,465,220	22,044,344	828,465,220	21,811,224
Share option reserve	717,713,008	-	810,496,170	-
		<u>22,044,344</u>		<u>21,811,224</u>
(b) Movements in shares on issue				
Balance at beginning of the financial period	828,465,220	21,811,224	828,437,692	21,810,949
Issue of shares	124,000,000	248,000	-	-
Less transaction costs		(14,880)	-	-
Exercise of options	-	-	27,528	275
Balance at the end of the financial period	<u>952,465,220</u>	<u>22,044,344</u>	<u>828,465,220</u>	<u>21,811,224</u>
	Consolidated 31 Dec 2013		Consolidated 30 Jun 2013	
	Number	\$	Number	\$
(c) Movements in share option reserve				
Balance at beginning of the financial period	810,496,170	-	811,906,221	-
Exercise of options and transfer to issued capital	-	-	(27,528)	-
Expiration of options	(92,783,162)	-	(1,382,523)	-
Balance at the end of the financial period	<u>717,713,008</u>	<u>-</u>	<u>810,496,170</u>	<u>-</u>

During the period, 92,783,162 of unlisted options expired on 12 August 2013.

3. Discontinued Operations

In November 2011, the Company appointed a firm to dispose of the Intelliheart division of the Company.

The sale of the radiology business received shareholder approval at IM Medical Limited's annual general meeting on 23 November 2011.

The following were the results for the period of the Radiology and Intelliheart businesses:

	2013	2012
	\$	\$
Impairment	-	(60,000)
Loss before income tax expense	-	(60,000)
Income tax expense	-	-
Loss after income tax expense	-	(60,000)
Carrying value of discontinued operations		
	2013	2012
	\$	\$
Total assets classified as held for sale		
Intelliheart	-	60,000
Provision for impairment	-	(60,000)
	-	-

Based on the sales and marketing activity surrounding the Intelliheart asset a further impairment charge of \$60,000 was recognised in the statement of comprehensive income for the half-year ended 31 December 2012. The asset is classified as a held for sale asset in the current asset section of the statement of financial position.

4. Subsequent events

In the second half of 2013, the Consolidated entity entered into discussions with White Data Limited to discuss an opportunity for a reverse acquisition. These negotiations resulted in the execution of the Merger Implementation Agreement. This was announced to the market on December 19, 2013. It is intended to hold a shareholder meeting in May 2014 to consider the terms of the acquisition.

5. Dividends

The Directors resolved not to declare any dividends for the period ended 31 December 2013 (31 December 2012: Nil).

6. Segment information

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

	Revenue		Segment loss	
	Half –year ended		Half –year ended	
	31 Dec 2013 \$	31 Dec 2012 \$	31 Dec 2013 \$	31 Dec 2012 \$
Continuing operations				
Corporate	35	3,490	(256,815)	(266,125)
Discontinuing operations				
Intelliheart tests	-	-	-	(60,000)
Loss before tax			(256,815)	(326,125)
Income tax expense			-	-
Consolidated segment revenue and loss for the period	35	3,490	(256,815)	(326,125)

The following is an analysis of the Consolidated entity's assets and liabilities by reportable operating segment:

	Assets		Liabilities	
	31 Dec 2013 \$	30 June 2013 \$	31 Dec 2013 \$	30 June 2013 \$
Continuing operations				
Corporate	333,520	262,540	131,208	36,533
Total segment assets	333,520	262,540	131,208	36,533

7. Contingent liability

There are no contingent liabilities

8. Commitments

None.

The Board of Directors
IM Medical Limited
Level 40, 140 Williams Street
MELBOURNE VIC 3000

28 February 2014

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 2013, 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
Paul Carr
Partner
Chartered Accountants

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, which comprises the condensed consolidated statement of financial position as at 31 December 2013, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity 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 6 to 15.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

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 Interim and Other Financial Reports 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 2013 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.

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*, which has been given to the directors of IM Medical Limited, would be in the same terms if given to the directors as at the time of this auditor's review 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 2013 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*.

Material Uncertainty Regarding Continuance as a Going Concern

Without modifying our conclusion, we draw attention to Note 1 in the financial report which states that the consolidated entity incurred a net loss of \$256,815 (2012: \$326,125) and incurred negative cash flows from operations of \$172,789 (2012: \$300,250) during the period ended 31 December 2013. As at 31 December 2013, the consolidated entity had an excess of current assets over current liabilities of \$202,312 (30 June 2013: \$226,007), and accumulated losses of \$21,842,032 (30 June 2013: \$21,585,217). These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and extinguish its liabilities in the normal course of business.

DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU

Paul Carr

Partner

Chartered Accountants

Melbourne, 28 February 2014