UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
July 3, 2014

Administrative Proceeding
File No. 3-15864

In the Matter of	
IMAGING DIAGNOSTIC SYSTEMS, INC.	
Respondent.	

IMAGING DIAGNOSTIC SYSTEMS, INC.'S
BRIEF IN OPPOSITION TO MOTION FOR SUMMARY DISPOSITION

CARLTON FIELDS JORDEN BURT, P.A.
Attorneys for Respondent IMAGING DIAGNOSTIC SYSTEMS, INC.
100 Southeast Second Street, Ste. 4200
Miami, Florida 33131-9101
Telephone: (305) 530-0050
Facsimile: (305) 530-0055
E-mail: RMacaulay@cfjblaw.com

By: Robert B. Macaulay
Florida Bar No.: 378445

TABLE OF CONTENTS

TABLE OF AUTHORITIES

CASES

RULES

I. Introduction

Imaging Diagnostic Systems ("Imaging" or "Company") is a Florida corporation that has developed a proprietary technology designed to enable more reliable, accessible, and cost-efficient early detection of breast cancer. The technology, supported by 35 U.S. and international patents, is in the clinical trials stage in the U.S. and is commercially available in several foreign countries. The Staff brought this action seeking revocation of the registration of Imaging's common stock, and the Staff now requests summary disposition.

The material facts of this case are far from undisputed. The Staff's Statement of Undisputed Facts alleges several disputed facts and omits several other material facts. The facts missing from the Staff's Motion for Summary Disposition ("MSD") show that revocation of Imaging's registration is not the appropriate sanction because (1) the seriousness of Imaging's delinquencies does not justify revocation, (2) the delinquencies are isolated lapses in Imaging's longstanding observance of its filing responsibilities, (3) the degree of Imaging's culpability does not justify revocation, (4) Imaging has verifiably secured significant funding and has made significant progress toward remedying the delinquencies, (5) Imaging's new financing and longstanding respect for its filing responsibilities ensure that no future delinquency will occur, and (6) revocation would not serve the public interest.

II. Statement of the Facts

1. Imaging is a Florida corporation with its principal place of business located in Fort Lauderdale, Florida. 2014 Florida Profit Corporation Annual Report, attached as Exhibit 1, at 1.

2. Imaging's securities are registered with the Commission under Exchange Act Section 12(g), and the Company's common stock is listed on the OTC Link operated by OTC

Markets Group Inc. under the symbol "IMDS." *Imaging Diagnostic Systems, Inc.*, Google Finance (June 25, 2014), http://www.google.com/finance?q=imds. Over 95% of Imaging's currently outstanding common stock is held by diverse unaffiliated shareholders, and the Company has no single holder of 5% or more of outstanding common stock.

3. Imaging is in the process of developing and bringing to market its proprietary Computed Tomography Laser Mammography ("CTLM®") technology,[1] the goal of which is to provide a more reliable, comfortable, and cost-efficient method of detecting breast abnormalities to facilitate early detection and treatment of breast cancer. Imaging Form 10-Q for the period ending March 31, 2013, Item 6 ("1Q13 10-Q") at 104-05; *see also CTLM® Facts*, Imaging Diagnostic Sys. (June 25, 2014), http://www.imds.com/ctlm/. CTLM® is designed to create optical images of breast tissue without the limitations of relying on ionizing radiation and breast compression techniques used in conventional mammography.[2] 1Q13 10-Q at 104-05.

4. At least one study suggests that the optical imaging technique that underlies CTLM® may already have sensitivity[3] and specificity[4] rates above 90% in clinical breast cancer

---

[1] Imaging's CTLM® patent portfolio currently comprises 20 U.S. patents and 15 international patents, with 3 pending U.S. patents and 8 pending international patents. *CTLM® Patents*, Imaging Diagnostic Sys. (June 25, 2014), http://www.imds.com/ctlm/CTLM-Patents.php.

[2] The laser used by CTLM® is not impeded by dense tissue, which, like tumors, looks white on traditional mammograms. Although physicians can follow up traditional mammograms with sonograms, this imaging often results in false alarms of cancer. In a study published in the *Journal of the American Medical Association*, 90% of the biopsies performed in response to sonograms found no cancer. *See* L. Johannes, *A Dilemma in the Search for Breast Cancer*, The Wall Street Journal (May 16, 2013). By contrast, CTLM® easily images dense breast tissue, thus providing physicians with additional information not available through traditional mammography. This imaging technology has the potential to benefit many patients. According to the Wall Street Journal article, "about 40% to 50% of the female population" has dense breast tissue.

[3] Sensitivity refers to the likelihood of correctly making a positive identification (i.e. for problematic tissue).

[4] Specificity refers to the likelihood of correctly concluding a negative (i.e. non-) identification.

applications. R. Weissleder et al., *Molecular Imaging: Principles and Practice* 194-95 (2010); B. Chance et al., *Breast Cancer Detection Based on Incremental Biochemical and Physiological Properties of Breast Cancers*, 12 Acad. Radiology 925 (2005); *see also CTLM® Facts*, Imaging Diagnostic Sys. (June 25, 2014), http://www.imds.com/ctlm/.

5. Since its common stock was registered under the 1934 Act in 1996, despite being a development stage company requiring significant capital expenditure and working capital to develop the CTLM® technology, conduct clinical trials, and seek regulatory approvals, Imaging had diligently complied with all of its filing requirements until the recent delinquencies, which began in the fall of 2013. *See generally* Imaging's filings since 1996. Imaging observed these requirements even as the financial crisis and recession made it more and more difficult for the Company to raise the needed capital and impeded CTLM®'s progress.

6. At great personal expense, Imaging's founders have navigated the financial downturn with the goal of saving the Company's potentially life-saving technology. Imaging's former directors and officers, Linda Grable and Allan Schwartz, voluntarily deferred their own compensation from July 2012 until February 2014. Affidavit of Richard J. Grable II, July 3, 2014 ("Affidavit"), attached as Exhibit 2. Ms. Grable and Mr. Schwartz lived off of their rapidly-depleting personal savings during this deferral period, while deferring $241,612 and $252,480 in compensation, respectively. *Id.* These amounts still have not been paid. *Id.* More recently, Ms. Grable and Mr. Schwartz agreed, individually and on behalf of the Company, to settle the Staff's allegations of fraud against them to preserve Imaging's resources and to avoid unnecessary distractions from their efforts to save the Company. *See* Final Judgment of Permanent Injunction and Other Relief Against Imaging Diagnostic Systems, Inc.; Final Judgment of Permanent Injunction and Other Relief Against Linda Grable; Final Judgment of

Permanent Injunction and Other Relief Against Allan Schwartz. The recent delinquencies in Imaging's filings did not begin until the Company had truly exhausted its then-available resources and options.

7. Imaging's last 10-K filing was made on October 15, 2012, for the fiscal year ended June 30, 2012. Imaging's last 10-Q filing, 1Q13 10-Q, was made on May 15, 2013, for the quarter ended March 31, 2013. Imaging's most recent filings include an 8-K, dated July 1, 2014, that disclosed Imaging's entry into a June 27, 2014, securities purchase agreement for the sale of $6,000,000 of preferred stock (the "SPA"), attached as Exhibit 3, ("7/1/14 8-K"); an 8-K dated March 21, 2014 ("3/21/14 8-K"), that disclosed management changes as a result of the settlement of the Staff's enforcement action against Ms. Grable, Mr. Schwartz, and Imaging; and an 8-K, dated September 25, 2013 ("9/25/13 8-K"), that disclosed the commencement of the same enforcement action.

8. Notwithstanding the Staff's understandable doubts and skepticism, the tireless efforts and personal sacrifices of Ms. Grable and Mr. Schwartz have finally paid off. On June 27, 2014, Imaging entered into the SPA, which provides a binding commitment for $6,000,000 in financing, including a $100,000 non-refundable deposit. Transfer Confirmation, attached as Exhibit 6; SPA, ¶ 2.1 at 5-7. The purchaser, Viable International Investments, LLC (the "Investor"), is a Florida limited liability company owned by a group of Chinese investors. 7/1/14 8-K.

9. Pursuant to the SPA, the $100,000 non-refundable deposit was paid to Imaging on June 30, 2014. Affidavit; *see* 7/1/14 8-K; SPA, ¶ 2.1 at 5. The next installment, in the amount of USD $2,500,000 less the deposit, will be paid to Imaging at the first closing on July 31, 2014. SPA, ¶ 2.1 at 6.

10. Since September 2013, over the course of negotiating the transaction with the Investor, Imaging's counsel has had multiple conversations with the Staff to keep the Staff informed of the deal's progress. Although the deal took much longer than expected due to the Company's limited financial and human resources, as well as the logistical and communications difficulties faced in this international transaction, Imaging has now secured the necessary resources to pay the Company's debts, fund working capital and the regulatory process for obtaining FDA premarket approval ("PMA"), and to pay for the legal and accounting work required to remedy its filing delinquencies and ensure future compliance

11. As a direct result of raising these funds, Imaging has already begun the process to remedy its delinquencies. Imaging's auditors, D'Arelli Pruzansky, P.A. ("D'Arelli" or the "Auditors"), have already been engaged and paid a $26,000 retainer fee. With the Auditors' assurances, Imaging expects to bring all of its delinquent filings current by August 31, 2014, and to return to its longstanding customary practice of respecting all of its filing responsibilities. Imaging also expects to timely file its form 10-K report for the fiscal year ended June 30, 2014. Affidavit; *see* Audit Engagement Letter between D'Arelli and Imaging, dated June 30, 2014 ("6/30/14 Audit Engagement Letter"), attached as Exhibit 4; Audit Engagement Letter between D'Arelli and Imaging, dated June 12, 2014 ("6/12/14 Audit Engagement Letter"), attached as Exhibit 5.

III. Memorandum of Law

A. Summary Disposition Standards

As the Staff stated, Commission Rule of Practice 250(b) provides that a summary disposition may be appropriate when "there is no genuine issue with regard to any material fact and the [moving] party is entitled to summary disposition as a matter of law." 17 C.F.R. §

201.250(b). The facts of the pleadings of the party against whom the motion is made shall be taken as true and viewed in the light most favorable to the non-moving party. 17 C.F.R. § 201.250(a); *see Felix v. N.Y. City Transit Auth.*, 324 F.3d 102, 104 (2d Cir. 2003); *O'Shea v. Yellow Tech. Svcs., Inc.*, 185 F.3d 1093, 1096 (10th Cir. 1999); *Cooperman v. Individual, Inc.*, 171 F.3d 43, 46 (1st Cir. 1999).

Here, contrary to the Staff's claims, there are material factual disputes about the nature of Imaging's delinquencies, the extent of Imaging's efforts to remedy these delinquencies, and Imaging's ability to remedy these delinquencies and to prevent future delinquencies. Having failed to demonstrate that there is no genuine issue with regard to all material facts, the Staff is not entitled to summary disposition. *See* 17 C.F.R. § 201.250(b); *In the Matter of John P. Flannery, and James D. Hopkins*, AP File No. 3-14081, 2011 WL 7791050 at *4-5 (Comm'n Opin. January 10, 2011).

B. The Staff Overlooks Material Factual Disputes that Render Summary Disposition Inappropriate

Summary disposition is inappropriate here because this case is awash with material factual disputes. *See* 17 C.F.R. § 201.250(b); *John P. Flannery*, 2011 WL 7791050 at *4-5 (The Commission denied the respondents' Motion for Leave to File Motion for Summary Disposition when the Staff asserted that there were unresolved factual disputes). Material factual disputes exist about the nature of Imaging's delinquencies, the extent of Imaging's efforts to remedy these delinquencies, and Imaging's ability to remedy these delinquencies and to prevent future delinquencies, as Section C explains below. The Staff's assertion that no material factual dispute exists relies on several omissions of material facts, some of which the Staff is aware. Consider the following table outlining the factual disputes:

Factual Issue	**Staff's Version**	**Actual Facts**
1. Has Imaging timely disclosed all material information despite the delinquencies?	Answer: No ***The Staff*** erroneously implies that Imaging is hiding information about the Staff's fraud allegations against Ms. Grable and Mr. Schwartz and the management changes resulting from the settlement of that enforcement action. (*See* MSD at 8 (claiming that "[investors] were deprived of current and actual . . . information about the company . . . at a very crucial time," referring specifically to the Staff's unproven fraud allegations and Imaging's management changes)).	Answer: Yes ***Imaging*** timely filed forms 8-K to disclose these events, as the Staff is aware and can verify, and Imaging has disclosed all material events about the Company via such forms 8-K since the delinquencies began. 3/21/14 8-K; 9/25/13 8-K. At the time that Imaging became delinquent, its reported financial condition on its most recent filings was extremely grave and replete with cautionary language. No investor could possibly have been misled about the Company's financial problems. *See, e.g.*, 1Q13 10-Q. Furthermore, as soon as the SPA was signed, Imaging promptly announced the transaction in accordance with the form 8-K requirements. 7/1/14 8-K.
2. Does Imaging exhibit a demonstrated pattern of delinquency?	Answer: Unclear ***The Staff*** seems to insinuate this allegation but is ultimately ambiguous. *See* MSD at 2-3.	Answer: No ***Imaging's*** longstanding track record of regulatory compliance demonstrates that the delinquencies are a product of the Company's financial circumstances, not of neglect or disregard of its responsibilities. Indeed, despite the Company's financial problems, Imaging has disclosed all material events since the delinquencies began via timely-filed forms 8-K. 7/1/14 8-K; 3/21/14 8-K; 9/25/13 8-K; *see generally* Imaging's filings prior to the delinquencies.
3. Has Imaging expended considerable effort and made	Answer: No ***The Staff*** fails to acknowledge Imaging's ongoing (and now-	Answer: Yes ***Imaging*** has been in discussions to raise new funds since before the

considerable progress toward remedying the delinquencies?	successfully concluded) negotiations to raise new funds; instead, the Staff claims (prior to receiving the 7/1/14 8-K) that "Imaging has made no attempt to remedy past violations." MSD at 10-11.	delinquencies began and, through counsel, has kept the Staff apprised of Imaging's progress since September 2013. Ms. Grable's and Mr. Schwartz's considerable efforts to save the Company have come at great personal expense, as detailed in the Facts above, and Imaging has now secured an investment commitment of $6,000,000, which is sufficient to save the Company and cure the delinquencies. Affidavit; 7/1/14 8-K; SPA ¶ 2.1 at 5-7.
4. Has Imaging secured the necessary funding to remedy the delinquencies and to ensure future compliance?	Answer: No ***The Staff*** concluded (prior to receiving the 7/1/14 8-K) that Imaging has not yet secured the necessary funding to remedy the delinquencies and to ensure future compliance.	Answer: Yes ***Imaging*** entered into the SPA on June 27, 2014 to sell 600 shares of preferred stock to the third-party Investor for $6,000,000. Pursuant to the SPA, a non-refundable deposit of $100,000 has already been paid to Imaging. The next installment, in the amount of $2,500,000 less the deposit, will be paid on July 31, 2014. Transfer Confirmation; Affidavit; 7/1/14 8-K; SPA ¶ 2.1 at 5-7.
5. Has Imaging engaged an independent auditor to begin the process of remedying the delinquencies and to ensure future compliance?	Answer: Silent ***The Staff*** is silent on this material factual issue.	Answer: Yes ***Imaging*** has engaged the independent audit firm D'Arelli Pruzansky, P.A. and paid their $26,000 retainer fee. Affidavit; *see* 6/12/14 and 6/30/14 Audit Engagement Letters. Based on the Auditors' assurances, Imaging expects to bring all delinquencies up-to-date by August 31, 2014. Affidavit; *see* 6/12/14 Audit Engagement Letter. Imaging also expects to timely comply with the September 29, 2014 deadline for its required filings for the fiscal year ended June 30, 2014. Affidavit; *see*

		6/30/14 Audit Engagement Letter.

As the table above demonstrates, there are significant unresolved factual disputes in this case. To be fair to the Staff, some of these facts arise from the execution of the SPA and the corresponding financing, which occurred after the MSD was filed.

C. On the merits, the Facts Show that Revocation Is Not the Appropriate Sanction

In Section 12(j) proceedings, the Commission is guided by a list of factors set forth in *In the Matter of Gateway Int'l Holdings Inc. and Lawrence A. Consalvi*, AP File No. 3-11894, 2006 WL 1506286 at *4 (Comm'n Opin. May 31, 2006): (1) the seriousness of the issuer's violations; (2) the isolated or recurrent nature of the violations; (3) the degree of culpability involved; (4) the extent of the issuer's efforts to remedy its past violations and ensure future compliance; and (5) the credibility of its assurances, if any, against future violations. *Id*; *see also In the Matter of Absolute Potential, Inc.*, AP File No. 3-14587, 2014 WL 1338256 at *4 (Comm'n Opin. April 4, 2014). When all material facts are considered in light of these factors, the compelling conclusion is that revocation of Imaging's registration is inappropriate.

1. The Seriousness of Imaging's Delinquencies Does Not Justify Revocation

Prior to the recent delinquencies, Imaging had dutifully and diligently fulfilled all of its filing obligations for more than a decade since it first became registered. Imaging believes that public filings are important to protecting investors and the integrity of the markets; in fact, Imaging agrees with the Commission that every delinquency is serious. Nevertheless, the Staff fails to observe that seriousness alone, without further inquiry into the degree of seriousness, cannot weigh toward revocation; indeed, if every serious delinquency (that is, every

delinquency) automatically weighed toward revocation, then this factor would be useless. *See Gateway*, WL 1506286 at *4; *Absolute Potential, Inc.*, 2014 WL 1338256 at *4.

Given the material facts, Imaging's recent delinquencies, though serious, do not necessitate or justify revocation. The Staff specifically points to its own unproven fraud allegations against Imaging and the management changes resulting from the settlement of that enforcement action to illustrate that Imaging's delinquencies are "very serious," implying that Imaging attempted to hide these events from investors. The Staff, however, fails to mention that Imaging fully disclosed both of these events in timely filed forms 8-K.

Indeed, given Imaging's lack of financing and lack of business activity during this period of delinquencies, and given that Imaging has timely filed forms 8-K to disclose all material events, the delinquent filings would have provided investors with little or no useful new information. Furthermore, the most recently filed forms 10-K and 10-Q are so replete with disastrous financial statements, cautionary language, and self-deprecating forecasts[5] that they in effect represent advertisements against investing in Imaging. Their effect is obvious: Imaging's current stock price and trading volume suggest that there is little or no investor interest in the Company, and, as a practical matter, it is difficult to imagine how the delinquent filings could have further discouraged investor interest.

2. The Delinquencies are Isolated Lapses in Imaging's Longstanding Observance of its Filing Responsibilities

Although Imaging acknowledges that it has missed four filings, when the recent delinquencies are viewed against Imaging's overall record, they constitute an unusual, isolated,

[5] Sample excerpts from Imaging's most recent 10-Q (1Q13 10-Q): "We have had cumulative losses since inception that raise doubt about our ability to continue as a going concern . . . These matters raise substantial doubt about our ability to continue as a going concern . . . we have been unable to draw from this new private equity line . . . there is no assurance that we will be able to obtain alternative financing on commercial reasonable terms."

and temporary lapse in Imaging's customary timely compliance with its filings responsibilities. Unlike the facts in *Absolute Potential*, the case that the ALJ has asked Imaging to distinguish, Imaging has missed far fewer filings than did the issuer in that case[6] and, much more importantly, Imaging does not have a "demonstrated pattern of delinquency," *Absolute Potential*, 2014 WL 1338256 at *5. Indeed, even though Imaging is behind on a form 10-K and three forms 10-Q, an obvious distinction in the instant case from *Absolute Potential* and most of the cases cited by the Staff is that Imaging has timely filed forms 8-K to ensure that investors are informed of all material events, and that Imaging has not simply vanished without a trace from the universe of regulatory compliance.

3. The Degree of Culpability Does Not Justify Revocation

Imaging's actions throughout this period of delinquency do not resemble those of highly culpable companies. Unlike the issuer in *Absolute Potential*, who was found to have "essentially ignored its reporting obligations until it was ultimately confronted with revocation through the institution of [proceedings to revoke]," Ms. Grable and Mr. Schwartz have been working diligently to secure new funding for Imaging since the Company became delinquent and well before the institution of these proceedings, as the Staff is aware from its ongoing discussions with Imaging counsel.

Nor is Imaging comparable to the issuer in *In the Matter of Markland Technologies, Inc.*, AP File No. 3-13147, 2008 WL 5221033 (Init. Dec. Dec. 15, 2008), a case on which the Staff relies, which paints a picture of an issuer who was so disorganized that it was found responsible for "a failure to obtain and devote sufficient resources to enable it" to remedy its delinquencies. *Id* at *4. Quite the opposite, by working without compensation and by accepting substantial

---

[6] Those violations involved twenty delinquencies. *Absolute Potential*, 2014 WL 1338256 at *3.

personal fines and resigning as directors and officers to settle the fraud allegations in an effort to preserve Imaging's dwindling resources, not only have Ms. Grable's and Mr. Schwartz's personal sacrifices enabled Imaging to continue to disclose all material events to investors via timely forms 8-K during these trying times, but also Imaging has now obtained new financing and engaged an independent auditor to quickly begin the process of remedying its delinquencies.

4. Imaging Has Verifiably Secured Significant Funding and Has Made Significant Progress toward Remedying the Delinquencies

Securing sufficient new funding and saving the Company has been Imaging management's top priority since before it became delinquent. Fortunately, there is now verifiable documentary evidence of the desired solution. Of the $6,000,000 committed to Imaging as a result of the securities purchase by the Investor, $100,000 has already been paid to Imaging, and another $2,500,000 less the deposit will be paid by July 31, 2014. Furthermore, D'Arelli has already been engaged to prepare the audit reports required for Imaging to promptly file its delinquent reports, as well as to timely file the Fiscal Year 2014 form 10-K.

5. Imaging's New Financing and Longstanding Respect for Its Filing Responsibilities Ensure that No Future Delinquency Will Occur

Imaging's delinquencies are attributable solely to the Company's financial problems, a fact that the Staff accepts, MSD at 3-4, and these financial problems have now been remedied. Unlike the issuer in *Absolute Potential*, whose problems were not only financial but also included: ineffective internal controls that could not be easily fixed; acting merely as a shell company whose ongoing existence was uncertain; and having to rely on a third party whose promise to provide funding was not binding, *Absolute Potential*, 2014 WL 1338256 at *2-3, 6, Imaging, as the Staff acknowledges, has not given any indication that the cause of its delinquencies goes beyond the financial. Now that a binding SPA has been signed and Imaging

has received new funds, there is no reason to believe that Imaging will not return to its longstanding practice of diligently respecting its filing responsibilities.

6. Revocation Would Not Serve the Public Interest

Revocation of Imaging's registration would be detrimental to the public interest by harming investors with no benefit to anyone. Any decision to revoke an issuer's registration should consider the interests and protection of "all investors in the marketplace, both current and prospective." *E.g. Absolute Potential*, 2014 WL 1338256 at *6. Now that Imaging is demonstrably ready, willing, and able to return to its longstanding practice of diligently fulfilling all of its filing requirements and, indeed, is on track to remedy the delinquencies by August 31, 2014 and timely file its form 10-K the fiscal year ended June 30, 2014, revocation would no more protect potential investors than a temporary suspension while Imaging becomes current in its filings. To the contrary, revocation now would likely harm Imaging's existing investors, the overwhelming majority of whom are diverse, unaffiliated shareholders. Simply put, in the instant case, revocation cannot provide any benefit that a less harmful alternative cannot also provide.

Furthermore, revocation would lead to a waste of the Commission's resources. Now that Imaging has secured the necessary funds to cure its delinquencies and to sustain normal business operations and further development, should its registration be revoked, it is inevitable that Imaging would soon seek re-registration, a cumbersome and expensive process that would consume the Commission's time and resources unnecessarily. It would also waste capital that would be better spent on implementation of Imaging's business plan to the benefit of its investors and the many women who could benefit from CTLM®.

IV. Conclusion

For all of the foregoing reasons, Imaging asks the Law Judge to deny the Staff's motion for summary disposition.

Respectfully submitted,

CARLTON FIELDS JORDEN BURT, P.A.
Attorneys for Respondent IMAGING DIAGNOSTIC SYSTEMS, INC.
100 Southeast Second Street, Ste. 4200
Miami, Florida 33131-9101
Telephone: (305) 530-0050
Facsimile: (305) 530-0055
E-mail: RMacaulay@cfjblaw.com

By: Robert B. Macaulay
Robert B. Macaulay
Florida Bar No.: 378445

2014 FLORIDA PROFIT CORPORATION ANNUAL REPORT

DOCUMENT# P95000050570

Entity Name: IMAGING DIAGNOSTIC SYSTEMS, INC.

Current Principal Place of Business:

1291-B NW 65TH PLACE
FORT LAUDERDALE, FL 33309

Current Mailing Address:

1291-B NW 65TH PLACE
FORT LAUDERDALE, FL 33309 US

FEI Number: 22-2671269

FILED
Mar 31, 2014
Secretary of State
CC8276559806

Certificate of Status Desired: Yes

Name and Address of Current Registered Agent:

CT CORPORATION SYSTEM
1200 SOUTH PINE ISLAND ROAD
PLANTATION, FL 33324 US

The above named entity submits this statement for the purpose of changing its registered office or registered agent, or both, in the State of Florida.

SIGNATURE: _____

Electronic Signature of Registered Agent — Date

Officer/Director Detail :

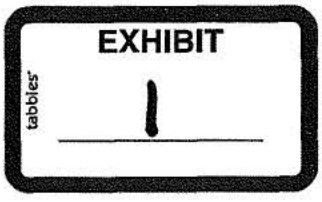
Title	PSD	Title	V
Name	GRABLE , RICHARD J II	Name	O'BRIEN, DEBORAH W
Address	1291-B NW 65TH PLACE	Address	1291-B NW 65TH PLACE
City-State-Zip:	FORT LAUDERDALE FL 33309	City-State-Zip:	FORT LAUDERDALE FL 33309

Title	DIRECTOR
Name	SHOTMEYER, ELIZABETH J
Address	1291-B NW 65TH PLACE
City-State-Zip:	FORT LAUDERDALE FL 33309

I hereby certify that the information indicated on this report or supplemental report is true and accurate and that my electronic signature shall have the same legal effect as if made under oath; that I am an officer or director of the corporation or the receiver or trustee empowered to execute this report as required by Chapter 607, Florida Statutes; and that my name appears above, or on an attachment with all other like empowered.

SIGNATURE: RICHARD J. GRABLE II — PRESIDENT — 03/31/2014

Electronic Signature of Signing Officer/Director Detail — Date



UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
July 3, 2014

Administrative Proceeding
File No. 3-15864

In the Matter of	
IMAGING DIAGNOSTIC SYSTEMS, INC.	
Respondent.	

AFFIDAVIT OF RICHARD J. GRABLE II

BEFORE ME, the undersigned authority, personally appeared Richard J. Grable II, who after being duly sworn upon oath, deposes and says as follows:

1. Since March 17, 2014, I have served as the President and a Director of Imaging Diagnostic Systems, Inc., a Florida corporation (the "Company"). I give this Affidavit in support of the Company's opposition to the Securities and Exchange Commission's (the "Commission") Motion for Summary Disposition. I have personal knowledge of all matters set forth in this Affidavit.

2. I have reviewed the Company's books and records, which are kept in the ordinary course of business, and they reflect that Linda B. Grable, the Company's former Chief Executive Officer, and Allan L. Schwartz, the Company's former Chief Financial Officer, received no salary from the Company for the period from July 2012 to February 2014. The deferred salary amounts of $241,612 for Ms. Grable and $252,480 for Mr. Schwartz, based on an annual salary of $168,000 for each, still have not been paid.

3. On June 27, 2014, I executed on behalf of the Company the Securities Purchase Agreement (the "SPA") between the Company and Viable International Investments LLC (the

"Investor"), a copy of which was filed with the Commission pursuant to the Company's Form 8-K Report, filed on July 1, 2014.

4. Pursuant to the SPA, on June 30, 2014, the Investor paid a $100,000 non-refundable deposit to the Company pursuant to the SPA, and the Company used $26,000 of those funds to pay the retainer required pursuant to its engagement letter with the Company's auditors, D'Arelli Pruzansky, P.A. A copy of the bank transfer receipts is attached as Exhibit "A."

5. On June 25, 2014, I executed and delivered on behalf of the Company the engagement letter with the Company's auditors for the fiscal year ended June 30, 2013. On July 1, 2014, I executed and delivered on behalf of the Company the engagement letter with its auditors for the fiscal year ended June 30, 2014. Copies of these engagements letters are attached hereto as composite Exhibit "B."

6. Based on my discussions with the Company's auditors and counsel, I believe that the Company's delinquent filings with the Commission will be filed on or before August 31, 2014, and that the Company's Form 10-K annual report for the fiscal year ended June 30, 2014, will be filed by the normal due date of September 29, 2014.

7. Based on my review of the Company's financial statements and business plan, I believe that the funding provided by the Investor pursuant to the SPA will be sufficient to satisfy the Company's existing debts and fund its operations going forward, including, but not limited to, the timely filing of all reports with the Commission.

FURTHER AFFIANT SAYETH NOT.

RICHARD J. GRABLE II

STATE OF FLORIDA)
)SS
COUNTY OF BROWARD)

The foregoing instrument was acknowledged before me this 3 day of July, 2014, by RICHARD J. GRABLE II, ☐ who is personally known to me or ☒ has produced FL DL as identification and who (did/did not) take an oath.

MARK HOPPER
Notary Public, State of Florida
Commission# EE 170904
My comm. expires Feb. 19, 2016

NOTARY PUBLIC – STATE OF FLORIDA

My commission expires: 2/19/2016

Book Transfer

Reference Number 20140630-00009718

Branch	2157100 EAST ORLANDO OFFICE		
Payment Amount	100,000.00 USD	**Rate**	**Contract Number**
Debit Amount	100,000.00 USD		

Value Date 30JUN2014

Debit Party

[redacted]
VIABLE INTERNATIONAL INVESTMENTS, L
[redacted]

Credit Party

[redacted]
IMAGING DIAGNOSTIC SYSTEMS, INC
[redacted]

Originator to Recipient Information

EXHIBIT
tabbies
A

Book Transfer

Reference Number 20140630-00009997

Branch	2157100	EAST ORLANDO OFFICE		
Payment Amount		26,000.00 USD	**Rate**	**Contract Number**
Debit Amount		26,000.00 USD		

Value Date 30JUN2014

Debit Party

[redacted]
IMAGING DIAGNOSTIC SYSTEMS, INC
[redacted]
[redacted]

Credit Party

[redacted]
D'ARELLI PRUZANSKY PA
[redacted]

Originator to Recipient Information

D'Arelli Pruzansky, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

June 12, 2014

Board of Directors
Imaging Diagnostic Systems, Inc.
1291-B NW 65th Place
Fort Lauderdale, FL 33309-1942

To the Board of Directors:

We are pleased to confirm our understanding of the services we are to provide for Imaging Diagnostic Systems, Inc. ("the Company") for the years ended June 30, 2013 and 2012.

We will audit the balance sheets of the Company as of June 30, 2013 and 2012, and the related statements of operations, stockholders' equity, and cash flows for the years then ended. Based on our audits, we will issue a written report on the Company's financial statements, all of which are to be included in the annual reports (Form 10-Ks) proposed to be filed by the Company under the Securities Exchange Act of 1934.

Audit Objective
The objective of an audit of the financial statements is the expression of an opinion on the financial statements. Accordingly, the objective of our audit is the expression of an opinion about whether the Company's financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States.

We are responsible for conducting our audit of the financial statements in accordance with the standards established by the Public Company Accounting Oversight Board (PCAOB). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Because our audit is designed to provide reasonable but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is some risk that material misstatements of the financial statements may exist and not be detected by us. Although not absolute assurance, reasonable assurance is a high level of assurance. Also, a financial statement audit is not designed to detect error or fraud that is immaterial to the financial statements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements.

If circumstances arise in which it is necessary for us to modify the opinion in our report or to include an explanatory paragraph in our report, we will communicate the reasons for the modification or explanatory language and the revised wording of the report to management and the audit committee. If for any reason we are unable to complete our audit or are unable to form, or have not formed, an opinion, we retain the right to take any course of action permitted by professional standards or regulatory requirements, including declining to express an opinion or issue a report, or withdrawing from the engagement. In that circumstance, we will notify the audit committee and management.

Audit Procedures
Our audits of the financial statements will include tests of documentary evidence supporting the transactions recorded in the accounts, including tests of the physical existence of inventories and direct confirmation of certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. The audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. In connection with our audit of the financial statements, we will obtain an understanding of internal control sufficient to plan the audit and to determine the nature, timing, and extent of

EXHIBIT
tabbies
B

audit procedures to be performed; however, an audit of the financial statements is not designed to provide assurance on internal control or to identify internal control deficiencies.

Our audit of the financial statements will also include reading the other information in the Company's annual report and considering whether other information in the annual report (including the manner of its presentation) is materially inconsistent with information in the financial statements. However, our audit will not include procedures to corroborate such other information. We are also required to read any document, including the annual report to shareholders and filings with the SEC, that contains or incorporates by reference our audit or interim review reports, or contains any reference to us.

At the conclusion of our audits, you agree to provide us with a letter that confirms certain representations made by management during the audit about the Company's financial statements and related matters.

Review of Unaudited Quarterly Financial Information
In conjunction with the annual audits, we will also perform reviews of the Company's unaudited quarterly financial information for the quarters and year-to-date periods beginning with the September 30, 2013 period and ending with the March 31, 2014 period, which are to be included in the quarterly reports (Form 10-Q) proposed to be filed by the Company under the Securities Exchange Act of 1934. For these quarters, we will perform reviews of that information before the Form 10-Q is filed. These reviews will be conducted in accordance with the standards of the PCAOB. The objective of a review of interim financial information is to provide a basis for communicating whether we are aware of any material modifications that should be made to the interim financial information for it to conform with U.S. generally accepted accounting principles. A review is substantially less in scope that an audit conducted in accordance with PCAOB standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we will not express an opinion on the Company's interim financial information.

A review of interim financial information consists principally of performing analytical procedures applied to financial data and making inquiries of persons responsible for financial and accounting matters. It includes obtaining sufficient knowledge of the Company's business and its internal control as it relates to the preparation of both annual and interim financial information (1) to identify the types of potential material misstatements in the interim financial information and consider the likelihood of their potential occurrence, and (2) to select the inquiries and analytical procedures that will provide a basis for communicating whether we are aware of any material modifications that should be made to the interim financial information for it to conform with U.S. generally accepted accounting principles.

A review does not contemplate tests of accounting records or internal controls, tests of responses to inquiries by obtaining corroborating evidence, or performing certain other procedures ordinarily performed in an audit. Thus, a review does not provide assurance that we will become aware of all significant matters that would be identified in an audit and cannot be relied on to detect errors, fraud, or illegal acts. Furthermore, given the limited nature of review procedures, we may not become aware of all matters that might affect judgments about qualitative aspects of the Company's accounting policies and procedures. Also, a review is not designed to provide assurance on internal control or to identify material weaknesses or significant deficiencies in internal control.

As agreed, we will not issue a written report on our review of the Company's interim financial information. However, if the Company refers to the interim financial information that we have reviewed when such information is included in documents issued to shareholders or third parties, including the SEC, we are required by professional standards to issue a written report on our review, which must accompany the interim financial information in the document.

If, for any reason, we are unable to complete our reviews or are unable to obtain or have not obtained limited assurance on the interim financial information, we will communicate the circumstances to the audit committee and management. At the conclusion of our reviews, you agree to provide us with a letter that confirms certain representations made by management about the Company's financial statements and related matters.

Auditor Responsibility to Communicate with the Audit Committee and Management
We will communicate to the audit committee and management of the Company, as appropriate, any errors, fraud, or other illegal acts (unless clearly inconsequential) that come to our attention during our audit. In the case of illegal acts that, in our judgment, would have a material effect on the financial statements, we are also required to follow procedures set forth in the Private Securities Litigation Reform Act of 1995, which, under certain

circumstances, requires us to communicate our conclusions to the SEC. While the objective of our audit of the financial statements is not to report on the Company's internal control and we are not obligated to search for material weaknesses or significant deficiencies as part of our audit of the financial statements, we will communicate in writing to the audit committee and management all material weaknesses and significant deficiencies relating to internal control over financial reporting identified while performing our audit. We will also communicate in writing to management all deficiencies in internal control over financial reporting that are of a lesser magnitude than significant deficiencies not previously communicated in writing by us or by others, including the Company's internal auditors. We will also inform the audit committee when we have communicated to management all internal control deficiencies. If we conclude that the audit committee's oversight of the Company's external financial reporting and internal control over financial reporting is ineffective, we will communicate that conclusion in writing to the Company's board of directors.

We are also responsible for communicating with the audit committee about certain other matters related to our audit, including (1) our audit responsibility under PCAOB standards; (2) information relating to our independence with respect to the Company; (3) an overview of our overall audit strategy, timing of the audit, and significant risks identified during our risk assessment procedures; (4) management's initial selection of, or changes in, significant accounting policies or the application of such policies, and the effect on the Company's financial statements or disclosures of significant accounting policies in controversial areas or areas for which there is a lack of authoritative guidance or consensus or diversity in practice; (5) the Company's critical accounting policies and practices, including the reasons certain policies and practices are considered critical and how current and anticipated future events might affect the determination of whether certain policies and practices are considered critical; (6) a description of the process management used to develop critical accounting estimates, management's significant assumptions used in critical accounting estimates that have a high degree of subjectivity, and any significant changes management made to the process used to develop critical accounting estimates or management's significant assumptions, including a description of management's reasons for the changes and the effects of the changes on the financial statements; (7) significant transactions outside of the normal course of the Company's business or that otherwise appear to be unusual due to their nature, timing, or size, along with the policies and practices used to account for significant unusual transactions, and our understanding of the business rationale for significant unusual transactions; (8) our evaluation of the quality of the Company's financial reporting; (9) corrected misstatements arising from our audit and the implications that such corrected misstatements might have on the Company's financial reporting process; (10) uncorrected misstatements aggregated during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate; (11) if applicable, our evaluation of the Company's ability to continue as a going concern; (12) difficult or contentious issues about which we consulted with others and that we believe are relevant to the audit committee's oversight of the financial reporting process; (13) disagreements with management about matters, whether or not satisfactorily resolved, that could be significant to the Company's financial statements or our report; (14) any concerns we may have related to significant auditing or accounting matters about which management has consulted with other accountants; (15) any issues discussed with management prior to our retention, including significant discussions regarding the application of accounting principles and auditing standards; (16) any significant difficulties encountered in performing the audit; and (17) other matters required to be communicated by PCAOB standards or that are significant to the oversight of the Company's financial reporting process.

Furthermore, we are responsible for providing a copy of the management representation letter to the audit committee if management has not done so, and for communicating to the audit committee other material written communications between the auditor and management.

In connection with our reviews of the Company's unaudited quarterly financial information, we will communicate to the audit committee and management any matters that come to our attention that we believe may require material modifications to the financial information to make it conform with accounting principles generally accepted in the United States. Further, we will communicate any significant deficiencies or material weaknesses that come to our attention.

Management Responsibilities

Management is responsible for the fair presentation of the Company's financial statements (including disclosures) in accordance with accounting principles generally accepted in the United States, for the selection and application of accounting principles, for making all financial records and relevant information available to us on a timely basis, and for the accuracy and completeness of that information. Management also agrees that we will have

unrestricted access to persons within the Company from whom we determine it necessary to obtain audit evidence and the full cooperation of Company personnel.

Management is also responsible for adjusting the financial statements to correct material misstatements relating to accounts or disclosures and affirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud and for identifying and ensuring that the Company complies with applicable laws and regulations, and for informing us of any known material violations of such laws and regulations that would have an effect that is material to financial statement amounts or disclosures.

Management is also responsible for establishing and maintaining effective internal control over financial reporting, including monitoring activities; notifying us of all deficiencies in the design or operation of internal control over financial reporting of which it has knowledge; and describing to us any fraud resulting in a material misstatement of the financial statements and any other fraud involving senior management or employees who have a significant role in the Company's internal control.

Management is responsible for the Company's interim financial information and for establishing and maintaining effective internal control over financial reporting. It is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities; making all financial records and related information available to us; adjusting the interim financial information to correct material misstatements; and affirming that the effects of any uncorrected misstatements pertaining to the periods under review are immaterial, both individually and in the aggregate, to the interim financial information taken as a whole.

Engagement Administration, Fees, and Other
Mitchell Pruzansky is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

If any dispute, controversy or claim arises in connection with the performance or breach of this agreement and cannot be resolved by facilitated negotiations (or the parties agree to waive that process) then such dispute, controversy or claim shall be settled by arbitration in accordance with the laws of the State of Florida and the then current Arbitration Rules for Professional Accounting and Related Disputes of the American Arbitration Association, except that no pre-hearing discovery shall be permitted unless specifically authorized by the arbitration panel, and shall take place in Palm Beach County, unless the parties agree to a different locale.

Such arbitration shall be conducted before a panel of three persons, one chosen by each party and the third selected by the two party-selected arbitrators. The arbitration panel shall have no authority to award non-monetary or equitable relief, and any monetary award shall not include punitive damages. The confidentiality provisions applicable to facilitated negotiation shall also apply to arbitration.

The award issued by the arbitration panel may be confirmed in a judgment by any federal or state court of competent jurisdiction. All reasonable costs of both parties, as determined by the arbitrators, including but not limited to (1) the costs, including reasonable attorneys' fees, of the arbitration; (2) the fees and expenses of the AAA and the arbitrators and (3) the costs, including reasonable attorneys' fees, necessary to confirm the award in court shall be borne entirely by the non-prevailing party (to be designated by the arbitration panel in the award) and may not be allocated between the parties by the arbitration panel.

We estimate that our fees for the audit services described above will be $53,000 and our fees for the review services described above will be $12,000, for a total estimated engagement fee of $65,000. The fee estimates and completion of our work is based on anticipated cooperation from Company personnel; timely responses to our inquiries; timely communication of all significant accounting and financial matters; and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will keep Company management informed of any problems we encounter and our fees will be adjusted accordingly. We will require a retainer of $20,000 prior to commencement of fieldwork. Thereafter, our invoices for these fees will be rendered as work progresses and are payable on presentation.

Regarding electronic filings, management agrees that, before filing any document in electronic format with the SEC with which we are associated, we will be advised of the proposed filing on a timely basis. We will provide the

Company a signed copy of our report and consent. These manually signed documents will serve to authorize the use of our name prior to the Company's electronic transmission. Management will provide us with a complete copy of the accepted document.

The Company may wish to include or incorporate by reference our audit report on these financial statements in other documents, such as a registration statement proposed to be filed under the Securities Act of 1933 or in some other securities offering. If so, you agree not to include our audit report or make reference to our Firm without our prior permission or consent. Any agreement to perform work in connection with an offering, including an agreement to provide permission or consent, will be a separate engagement.

Any additional services that may be requested and we agree to provide, will be the subject of separate arrangements.

The audit documentation for this engagement is the property of our firm and constitutes confidential information. However, we may be requested to make certain audit documentation available to the PCAOB, SEC, or other regulators pursuant to the authority given to them by law or regulation. If requested, access to such audit documentation will be provided under the supervision of firm personnel. Further, upon request, we may provide copies of selected audit documentation to the regulator. The regulator may intend, or decide, to distribute the copies or information contained therein to others, including other government agencies. We agree to communicate with you on a timely basis any requests by the PCAOB for access to audit documentation as part of its inspection process and when it desires direct contact with members of the audit committee.

We appreciate the opportunity to be of service and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

D'Arelli Pruzansky P.A.

D'Arelli Pruzansky, P.A.

RESPONSE:

This letter correctly sets forth the understanding of Imaging Diagnostic Systems, Inc.

Richard P. Kiphart II

For the Board of Directors

6/25/2014

Date

D'Arelli Pruzansky, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

June 30, 2014

Board of Directors
Imaging Diagnostic Systems, Inc.
1291-B NW 65th Place
Fort Lauderdale, FL 33309-1942

To the Board of Directors:

We are pleased to confirm our understanding of the services we are to provide for Imaging Diagnostic Systems, Inc. ("the Company") for the year ended June 30, 2014.

We will audit the balance sheet of the Company as of June 30, 2014, and the related statements of operations, stockholders' equity, and cash flows for the year then ended. Based on our audit, we will issue a written report on the Company's financial statements, all of which are to be included in the annual reports (Form 10-Ks) proposed to be filed by the Company under the Securities Exchange Act of 1934.

Audit Objective
The objective of an audit of the financial statements is the expression of an opinion on the financial statements. Accordingly, the objective of our audit is the expression of an opinion about whether the Company's financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States.

We are responsible for conducting our audit of the financial statements in accordance with the standards established by the Public Company Accounting Oversight Board (PCAOB). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Because our audit is designed to provide reasonable but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is some risk that material misstatements of the financial statements may exist and not be detected by us. Although not absolute assurance, reasonable assurance is a high level of assurance. Also, a financial statement audit is not designed to detect error or fraud that is immaterial to the financial statements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements.

If circumstances arise in which it is necessary for us to modify the opinion in our report or to include an explanatory paragraph in our report, we will communicate the reasons for the modification or explanatory language and the revised wording of the report to management and the audit committee. If for any reason we are unable to complete our audit or are unable to form, or have not formed, an opinion, we retain the right to take any course of action permitted by professional standards or regulatory requirements, including declining to express an opinion or issue a report, or withdrawing from the engagement. In that circumstance, we will notify the audit committee and management.

Audit Procedures
Our audit of the financial statements will include tests of documentary evidence supporting the transactions recorded in the accounts, including tests of the physical existence of inventories and direct confirmation of certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. The audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. In connection with our audit of the financial statements, we will obtain an understanding of internal control sufficient to plan the audit and to determine the nature, timing, and extent of

audit procedures to be performed; however, an audit of the financial statements is not designed to provide assurance on internal control or to identify internal control deficiencies.

Our audit of the financial statements will also include reading the other information in the Company's annual report and considering whether other information in the annual report (including the manner of its presentation) is materially inconsistent with information in the financial statements. However, our audit will not include procedures to corroborate such other information. We are also required to read any document, including the annual report to shareholders and filings with the SEC, that contains or incorporates by reference our audit or interim review reports, or contains any reference to us.

At the conclusion of our audit, you agree to provide us with a letter that confirms certain representations made by management during the audit about the Company's financial statements and related matters.

Review of Unaudited Quarterly Financial Information

In conjunction with the annual audit, we will also perform reviews of the Company's unaudited quarterly financial information for the quarters and year-to-date periods ending September 30, 2014, December 31, 2014, and March 31, 2015, which are to be included in the quarterly reports (Form 10-Q) proposed to be filed by the Company under the Securities Exchange Act of 1934. For these quarters, we will perform reviews of that information before the Form 10-Q is filed. These reviews will be conducted in accordance with the standards of the PCAOB. The objective of a review of interim financial information is to provide a basis for communicating whether we are aware of any material modifications that should be made to the interim financial information for it to conform with U.S. generally accepted accounting principles. A review is substantially less in scope that an audit conducted in accordance with PCAOB standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we will not express an opinion on the Company's interim financial information.

A review of interim financial information consists principally of performing analytical procedures applied to financial data and making inquiries of persons responsible for financial and accounting matters. It includes obtaining sufficient knowledge of the Company's business and its internal control as it relates to the preparation of both annual and interim financial information (1) to identify the types of potential material misstatements in the interim financial information and consider the likelihood of their potential occurrence, and (2) to select the inquiries and analytical procedures that will provide a basis for communicating whether we are aware of any material modifications that should be made to the interim financial information for it to conform with U.S. generally accepted accounting principles.

A review does not contemplate tests of accounting records or internal controls, tests of responses to inquiries by obtaining corroborating evidence, or performing certain other procedures ordinarily performed in an audit. Thus, a review does not provide assurance that we will become aware of all significant matters that would be identified in an audit and cannot be relied on to detect errors, fraud, or illegal acts. Furthermore, given the limited nature of review procedures, we may not become aware of all matters that might affect judgments about qualitative aspects of the Company's accounting policies and procedures. Also, a review is not designed to provide assurance on internal control or to identify material weaknesses or significant deficiencies in internal control.

As agreed, we will not issue a written report on our review of the Company's interim financial information. However, if the Company refers to the interim financial information that we have reviewed when such information is included in documents issued to shareholders or third parties, including the SEC, we are required by professional standards to issue a written report on our review, which must accompany the interim financial information in the document.

If, for any reason, we are unable to complete our reviews or are unable to obtain or have not obtained limited assurance on the interim financial information, we will communicate the circumstances to the audit committee and management. At the conclusion of our reviews, you agree to provide us with a letter that confirms certain representations made by management about the Company's financial statements and related matters.

Auditor Responsibility to Communicate with the Audit Committee and Management

We will communicate to the audit committee and management of the Company, as appropriate, any errors, fraud, or other illegal acts (unless clearly inconsequential) that come to our attention during our audit. In the case of illegal acts that, in our judgment, would have a material effect on the financial statements, we are also required to follow procedures set forth in the Private Securities Litigation Reform Act of 1995, which, under certain

circumstances, requires us to communicate our conclusions to the SEC. While the objective of our audit of the financial statements is not to report on the Company's internal control and we are not obligated to search for material weaknesses or significant deficiencies as part of our audit of the financial statements, we will communicate in writing to the audit committee and management all material weaknesses and significant deficiencies relating to internal control over financial reporting identified while performing our audit. We will also communicate in writing to management all deficiencies in internal control over financial reporting that are of a lesser magnitude than significant deficiencies not previously communicated in writing by us or by others, including the Company's internal auditors. We will also inform the audit committee when we have communicated to management all internal control deficiencies. If we conclude that the audit committee's oversight of the Company's external financial reporting and internal control over financial reporting is ineffective, we will communicate that conclusion in writing to the Company's board of directors.

We are also responsible for communicating with the audit committee about certain other matters related to our audit, including (1) our audit responsibility under PCAOB standards; (2) information relating to our independence with respect to the Company; (3) an overview of our overall audit strategy, timing of the audit, and significant risks identified during our risk assessment procedures; (4) management's initial selection of, or changes in, significant accounting policies or the application of such policies, and the effect on the Company's financial statements or disclosures of significant accounting policies in controversial areas or areas for which there is a lack of authoritative guidance or consensus or diversity in practice; (5) the Company's critical accounting policies and practices, including the reasons certain policies and practices are considered critical and how current and anticipated future events might affect the determination of whether certain policies and practices are considered critical; (6) a description of the process management used to develop critical accounting estimates, management's significant assumptions used in critical accounting estimates that have a high degree of subjectivity, and any significant changes management made to the process used to develop critical accounting estimates or management's significant assumptions, including a description of management's reasons for the changes and the effects of the changes on the financial statements; (7) significant transactions outside of the normal course of the Company's business or that otherwise appear to be unusual due to their nature, timing, or size, along with the policies and practices used to account for significant unusual transactions, and our understanding of the business rationale for significant unusual transactions; (8) our evaluation of the quality of the Company's financial reporting; (9) corrected misstatements arising from our audit and the implications that such corrected misstatements might have on the Company's financial reporting process; (10) uncorrected misstatements aggregated during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate; (11) if applicable, our evaluation of the Company's ability to continue as a going concern; (12) difficult or contentious issues about which we consulted with others and that we believe are relevant to the audit committee's oversight of the financial reporting process; (13) disagreements with management about matters, whether or not satisfactorily resolved, that could be significant to the Company's financial statements or our report; (14) any concerns we may have related to significant auditing or accounting matters about which management has consulted with other accountants; (15) any issues discussed with management prior to our retention, including significant discussions regarding the application of accounting principles and auditing standards; (16) any significant difficulties encountered in performing the audit; and (17) other matters required to be communicated by PCAOB standards or that are significant to the oversight of the Company's financial reporting process.

Furthermore, we are responsible for providing a copy of the management representation letter to the audit committee if management has not done so, and for communicating to the audit committee other material written communications between the auditor and management.

In connection with our reviews of the Company's unaudited quarterly financial information, we will communicate to the audit committee and management any matters that come to our attention that we believe may require material modifications to the financial information to make it conform with accounting principles generally accepted in the United States. Further, we will communicate any significant deficiencies or material weaknesses that come to our attention.

Management Responsibilities

Management is responsible for the fair presentation of the Company's financial statements (including disclosures) in accordance with accounting principles generally accepted in the United States, for the selection and application of accounting principles, for making all financial records and relevant information available to us on a timely basis, and for the accuracy and completeness of that information. Management also agrees that we will have

unrestricted access to persons within the Company from whom we determine it necessary to obtain audit evidence and the full cooperation of Company personnel.

Management is also responsible for adjusting the financial statements to correct material misstatements relating to accounts or disclosures and affirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud and for identifying and ensuring that the Company complies with applicable laws and regulations, and for informing us of any known material violations of such laws and regulations that would have an effect that is material to financial statement amounts or disclosures.

Management is also responsible for establishing and maintaining effective internal control over financial reporting, including monitoring activities; notifying us of all deficiencies in the design or operation of internal control over financial reporting of which it has knowledge; and describing to us any fraud resulting in a material misstatement of the financial statements and any other fraud involving senior management or employees who have a significant role in the Company's internal control.

Management is responsible for the Company's interim financial information and for establishing and maintaining effective internal control over financial reporting. It is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities; making all financial records and related information available to us; adjusting the interim financial information to correct material misstatements; and affirming that the effects of any uncorrected misstatements pertaining to the periods under review are immaterial, both individually and in the aggregate, to the interim financial information taken as a whole.

Engagement Administration, Fees, and Other

Mitchell Pruzansky is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

If any dispute, controversy or claim arises in connection with the performance or breach of this agreement and cannot be resolved by facilitated negotiations (or the parties agree to waive that process) then such dispute, controversy or claim shall be settled by arbitration in accordance with the laws of the State of Florida and the then current Arbitration Rules for Professional Accounting and Related Disputes of the American Arbitration Association, except that no pre-hearing discovery shall be permitted unless specifically authorized by the arbitration panel, and shall take place in Palm Beach County, unless the parties agree to a different locale.

Such arbitration shall be conducted before a panel of three persons, one chosen by each party and the third selected by the two party-selected arbitrators. The arbitration panel shall have no authority to award non-monetary or equitable relief, and any monetary award shall not include punitive damages. The confidentiality provisions applicable to facilitated negotiation shall also apply to arbitration.

The award issued by the arbitration panel may be confirmed in a judgment by any federal or state court of competent jurisdiction. All reasonable costs of both parties, as determined by the arbitrators, including but not limited to (1) the costs, including reasonable attorneys' fees, of the arbitration; (2) the fees and expenses of the AAA and the arbitrators and (3) the costs, including reasonable attorneys' fees, necessary to confirm the award in court shall be borne entirely by the non-prevailing party (to be designated by the arbitration panel in the award) and may not be allocated between the parties by the arbitration panel.

We estimate that our fee for the audit services described above will be $38,000 and our fees for the review services described above will be $12,000 ($4,000 per quarterly review), for a total estimated engagement fee of $50,000. The fee estimates and completion of our work is based on anticipated cooperation from Company personnel; timely responses to our inquiries; timely communication of all significant accounting and financial matters; and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will keep Company management informed of any problems we encounter and our fees will be adjusted accordingly. We will require a retainer of $15,000 prior to commencement of fieldwork. Thereafter, our invoices for these fees will be rendered as work progresses and are payable on presentation.

Regarding electronic filings, management agrees that, before filing any document in electronic format with the SEC with which we are associated, we will be advised of the proposed filing on a timely basis. We will provide the Company a signed copy of our report and consent. These manually signed documents will serve to authorize the use of our name prior to the Company's electronic transmission. Management will provide us with a complete copy of the accepted document.

The Company may wish to include or incorporate by reference our audit report on these financial statements in other documents, such as a registration statement proposed to be filed under the Securities Act of 1933 or in some other securities offering. If so, you agree not to include our audit report or make reference to our Firm without our prior permission or consent. Any agreement to perform work in connection with an offering, including an agreement to provide permission or consent, will be a separate engagement.

Any additional services that may be requested and we agree to provide, will be the subject of separate arrangements.

The audit documentation for this engagement is the property of our firm and constitutes confidential information. However, we may be requested to make certain audit documentation available to the PCAOB, SEC, or other regulators pursuant to the authority given to them by law or regulation. If requested, access to such audit documentation will be provided under the supervision of firm personnel. Further, upon request, we may provide copies of selected audit documentation to the regulator. The regulator may intend, or decide, to distribute the copies or information contained therein to others, including other government agencies. We agree to communicate with you on a timely basis any requests by the PCAOB for access to audit documentation as part of its inspection process and when it desires direct contact with members of the audit committee.

We appreciate the opportunity to be of service and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

D'Arelli Pruzansky P.A.

D'Arelli Pruzansky, P.A.

RESPONSE:

This letter correctly sets forth the understanding of Imaging Diagnostic Systems, Inc.

Robert J. Gilbert II

For the Board of Directors

7/1/2014

Date

SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (this "Agreement") is dated as of June 27, 2014, between Imaging Diagnostic Systems, Inc., a Florida corporation (the "Company"); Viable International Investments, LLC, a Florida limited liability company, and assigns ("Purchaser"); and Alan Schwartz, a Florida resident ("Schwartz"), Richard Grable, a Florida resident ("R. Grable"), and Linda Grable, a Florida resident ("L. Grable," together with R. Grable and Schwartz, are herein referred to collectively as "Company Representatives" and singularly as "Company Representative").

WHEREAS, subject to the terms and conditions set forth in this Agreement and pursuant to Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act"), and Rule 506 promulgated thereunder, the Company desires to issue and sell to Purchaser, and Purchaser desires to purchase from the Company, securities of the Company as more fully described in this Agreement.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Company and Purchaser agree as follows:

ARTICLE I.
DEFINITIONS

1.1 Definitions. In addition to the terms defined elsewhere in this Agreement: (a) capitalized terms that are not otherwise defined herein have the meanings given to such terms in the Certificate of Designation (as defined herein), and (b) the following terms have the meanings set forth in this Section 1.1:

"Acquiring Person" shall have the meaning ascribed to such term in Section 4.7.

"Action" shall have the meaning ascribed to such term in Section 3.1(j).

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 under the Securities Act.

"Board of Directors" means the board of directors of the Company.

"Business Day" means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of Florida are authorized or required by law or other governmental action to close.

"Certificate of Designation" means the Certificate of Designation to be filed prior to the Closing by the Company with the Secretary of State of Florida, in the form of Exhibit A attached hereto.

EXHIBIT
tabbies
3

"Closing(s)" means one or more closing(s) of the purchase and sale of the Securities pursuant to Section 2.1.

"Closing Date" means the Trading Day of each Closing as identified in Section 2.1 below on which all of the Transaction Documents have been executed and delivered by the applicable parties thereto, and all conditions precedent to (i) the Purchaser's obligations to pay the Subscription Amount and (ii) the Company's obligations to deliver the Securities, in each case, have been satisfied or waived.

"Closing Statement" means the Closing Statement in the form on Annex A attached hereto.

"Commission" means the United States Securities and Exchange Commission.

"Common Stock" means the common stock of the Company, no par value per share, and any other class of securities into which such securities may hereafter be reclassified or changed.

"Common Stock Equivalents" means any securities of the Company or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

"Company Counsel" means Carlton Fields Jorden Burt P.A., with its office located at 4200 International Place, 100 SE 2nd Street, Miami, FL 33131.

"Conversion Price" shall have the meaning ascribed to such term in the Certificate of Designation.

"Conversion Shares" shall have the meaning ascribed to such term in the Certificate of Designation.

"Disclosure Schedules" shall have the meaning ascribed to such term in Section 3.1.

"Evaluation Date" shall have the meaning ascribed to such term in Section 3.1(r).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Exempt Issuance" means the issuance of securities upon the exercise or exchange of or conversion of any Securities issued hereunder and/or other securities exercisable or exchangeable for or convertible into shares of Common Stock issued and outstanding on the date of this Agreement, provided that such securities have not been amended since the date of this Agreement to increase the number of such securities or to decrease the exercise price, exchange price or conversion price of such securities.

"FCPA" means the Foreign Corrupt Practices Act of 1977, as amended.

"FDA" shall have the meaning ascribed to such term in Section 3.1(kk).

"FDCA" shall have the meaning ascribed to such term in Section 3.1(kk).

"GAAP" shall have the meaning ascribed to such term in Section 3.1(h).

"Indebtedness" shall have the meaning ascribed to such term in Section 3.1(aa).

"Intellectual Property Rights" shall have the meaning ascribed to such term in Section 3.1(o).

"Legend Removal Date" shall have the meaning ascribed to such term in Section 4.1(c).

"Liens" means a lien, charge, pledge, security interest, encumbrance, right of first refusal, option, preemptive right or other restriction.

"Material Adverse Effect" shall have the meaning assigned to such term in Section 3.1(b).

"Material Permits" shall have the meaning ascribed to such term in Section 3.1(m).

"Maximum Rate" shall have the meaning ascribed to such term in Section 5.17.

"Medical Device" shall have the meaning ascribed to such term in Section 3.1(kk).

"Person" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"Preferred Stock" means the 600 shares of the Company's Series M Convertible Preferred Stock, no par value per share, issued hereunder having the rights, preferences and privileges set forth in the Certificate of Designation, in the form of Exhibit A hereto. The Preferred Stock are validly issued and are fully paid, non-assessable and free of preemptive and similar rights to subscribe for or purchase securities and shall, at all times that any share of Preferred Stock is outstanding, represent (a) Ninety Percent (90%) of all issued and authorized voting capital stock of the Company, and (b) Ninety Percent (90%) of all issued and authorized capital stock of the Company, based on the Company's capital stock outstanding as of the First Closing Date. Notwithstanding any provision of this Agreement to the contrary, in the event that, after the First Closing Date, any shares of Common Stock are issued based on exercise or conversion of an option, warrant, convertible note, convertible preferred stock or other derivative security issued and outstanding as of the First Closing Date, then immediately upon such issuance the

Company shall issue to Purchaser or its assigns nine shares of Common Stock for each share of Common Stock issued based on such exercise or conversion in order to prevent dilution of Purchaser's 90% equity interest in the Company.

"Proceeding" means an action, claim, suit, investigation or proceeding (including, without limitation, an informal investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"Public Information Failure Payments" shall have the meaning ascribed to such term in Section 4.3(b).

"Purchaser Party" shall have the meaning ascribed to such term in Section 4.10.

"Required Approvals" shall have the meaning ascribed to such term in Section 3.1(e).

"Required Minimum" means, as of any date, the maximum aggregate number of shares of Common Stock then issued or potentially issuable in the future pursuant to the Transaction Documents, including any Underlying Shares issuable upon conversion in full of all shares of Preferred Stock, ignoring any conversion or exercise limits set forth therein, and assuming that any previously unconverted shares of Preferred Stock are held until the five year anniversary of the applicable Closing Date and all dividends are paid in shares of Common Stock until such five year anniversary.

"Rule 144" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

"SEC Reports" shall have the meaning ascribed to such term in Section 3.1(h).

"Securities" means the Preferred Stock and the Underlying Shares.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Short Sales" means all "short sales" as defined in Rule 200 of Regulation SHO under the Exchange Act (but shall not be deemed to include the location and/or reservation of borrowable shares of Common Stock).

"Stated Value" means, with respect to the aggregate 600 shares of Preferred Stock that may be purchased by Purchaser in this Agreement, $10,000 per share of Preferred Stock.

"Subscription Amount" shall mean the aggregate amount to be paid for the Preferred Stock purchased at each Closing hereunder, in United States dollars and in immediately available funds.

"Subsidiary" means any subsidiary of the Company as set forth on Schedule 3.1(a) and shall, where applicable, also include any direct or indirect subsidiary of the Company formed or acquired after the date hereof.

"Trading Day" means a day on which the principal Trading Market is open for trading.

"Trading Market" means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE MKT, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange or the OTC Bulletin Board (or any successors to any of the foregoing).

"Transaction Documents" means this Agreement, the Certificate of Designation, the Lock-Up Agreements, all exhibits and schedules thereto and hereto and any other documents or agreements executed in connection with the transactions contemplated hereunder.

"Transfer Agent" means Jersey Stock Transfer LLC, the current transfer agent of the Company, with a mailing address of 201 Bloomfield Avenue, Verona, New Jersey 07044 and a facsimile number of 973-215-2740, and any successor transfer agent of the Company.

"Underlying Shares" means the shares of Common Stock issued and issuable upon conversion of the Preferred Stock in accordance with the terms of the Certificate of Designation.

ARTICLE II.
PURCHASE AND SALE

2.1 Closings; Deposit. A non-refundable deposit in the amount of $100,000 ("Deposit") will be paid by Purchaser to the Company immediately upon the execution of this Agreement, in accordance with the terms hereof. If the First Closing occurs, the Deposit shall be applied to the Purchase Price on the First Closing Date. The aggregate number of shares of the Preferred Stock that shall be purchased by Purchaser hereunder is 600, in accordance with the terms and conditions set forth herein. Delivery of the shares of the Preferred Stock to be purchased by the Purchaser hereunder shall be made, free and clear of all Liens, in the form of one or more stock certificates, registered in the name of Purchaser or such affiliates of Purchaser as Purchaser may specify, and in each case dated as of each applicable closing date, and any such closing date being referred to herein as a "Closing Date." The Company and Company Representatives represent and warrant to Purchaser that the contemplated purchase and acquisition of the Securities herein shall not violate any laws or regulations governing "anti-takeovers" or "control acquisitions" including, without limitation, the Florida Statute relating to "control-share acquisitions", specifically Florida Statutes Section 607.0902. Prior to the First Closing, and each subsequent Closing thereafter, the Company and Company Representatives

shall have obtained the necessary and required approval and consent from the Board of Directors, as required by Florida Statutes Section 607.0902(2)(d)7 (the "Control Acquisition Board Consent").

(a) Subject to the representations and warranties made by the Company and the Company Representatives herein continuing to be accurate, true and correct in all material respects, on July 31, 2014 (the "First Closing Date"), upon the terms and subject to the conditions set forth herein, the Company agrees to sell to the Purchaser (or its Affiliate or assign), and the Purchaser (or its Affiliate or assign) shall purchase, an aggregate of 250 shares of Preferred Stock (the "First Closing Purchased Preferred Stock"), free and clear of any Liens (the "First Closing"). The Company and Company Representatives represent, warrant and agree that the First Closing Purchased Preferred Stock shall at all times represent (i) 78.9% of all issued and authorized voting capital stock of the Company and shall permit Purchaser to retain voting control of the Company, and (ii) upon conversion, 78.9% of all issued and authorized capital stock of the Company, based on the Company's capital stock outstanding as of the First Closing Date. The purchase price to be paid by Purchaser in exchange for the First Closing Purchased Preferred Stock shall be $2,500,000 USD (the "First Closing Purchase Price"). Following the First Closing, and subject to the terms and conditions set forth herein, Purchaser shall purchase an additional 350 shares of Preferred Stock in exchange for the purchase price of $3,500,000 USD, in two separate tranches, as set forth below.

(b) Subject to the representations and warranties made by the Company and the Company Representatives herein continuing to be accurate, true and correct in all material respects as of the First Closing Date, on July 31, 2015 (the "Second Closing Date"), upon the terms and subject to the conditions set forth herein, the Company agrees to sell to the Purchaser (or its Affiliate or assign), and the Purchaser (or its Affiliate or assign) shall purchase, an aggregate of 200 shares of Preferred Stock (the "Second Closing Purchased Preferred Stock"), free and clear of any Liens (the "Second Closing"). The purchase price to be paid by Purchaser in exchange for the Second Closing Purchased Preferred Stock shall be $2,000,000 USD (the "Second Closing Purchase Price").

(c) Subject to the representations and warranties made by the Company and the Company Representatives herein continuing to be accurate, true and correct in all material respects as of the First Closing Date, on a date within 14 days after the Company receives FDA Pre-Market Approval ("PMA") for its CTLM® system and the Company provides written notice to the Purchaser thereof (the "Third Closing Date"), upon the terms and subject to the conditions set forth herein, the Company agrees to sell to the Purchaser (or its Affiliate or assign), and the Purchaser (or its Affiliate or assign) shall purchase, an aggregate of 150 shares of Preferred Stock (the "Third Closing Purchased Preferred Stock"), free and clear of any Liens (the "Third Closing", together with the First Closing and the Second Closing, are herein referred to collectively as the "Closings"). The purchase price to be paid by Purchaser in exchange for the Third Closing Purchased Preferred Stock shall be $1,500,000 USD (the "Third Closing Purchase Price").

Notwithstanding anything in this Agreement to the contrary, the Purchaser shall have no obligation to consummate the Second Closing or the Third Closing if, as of the time scheduled for each such Closing, the Company has sufficient available cash to service its debts and pay its

operating expenses in the ordinary course of business, as determined by the Company's Board of Directors in its good faith business judgment.

The Company and Company Representatives represent, warrant and agree that the 600 shares of Preferred Stock shall at all times represent (i) 90% of all issued and authorized voting capital stock of the Company, and (ii) upon conversion, 90% of all issued and authorized capital stock of the Company, based on the Company's capital stock outstanding as of the First Closing Date. Notwithstanding any provision of this Agreement to the contrary, in the event that, after the First Closing Date, any shares of Common Stock are issued based on exercise or conversion of an option, warrant, convertible note, convertible preferred stock or other derivative security issued and outstanding as of the First Closing Date, then immediately upon such issuance the Company shall issue to Purchaser or its assigns nine shares of Common Stock for each share of Common Stock issued based on such exercise or conversion in order to prevent dilution of Purchaser's 90% equity interest in the Company.

Purchaser shall deliver to the Company, via wire transfer, immediately available funds equal to its Subscription Amount and the Company shall deliver to Purchaser the shares of Preferred Stock as determined pursuant to Section 2.2(a), Section 2.2(b), or Section 2.2(c), as the case may be, and the Company and Purchaser shall deliver the other items set forth in Section 2.2 deliverable at the Closing. Upon satisfaction of the covenants and conditions set forth in Sections 2.2 and 2.3, the Closing shall occur at the offices of Foley & Lardner LLP, 111 North Orange Avenue, Suite 1800, Orlando, Florida 32801, or such other location as the parties shall mutually agree.

2.2 Deliveries.

(a) The Company shall deliver or cause to be delivered to Purchaser the following:

(i) on the date hereof, this Agreement duly executed by the Company;

(ii) on or prior to the First Closing Date, a legal opinion of Company Counsel, substantially in the form of Exhibit B attached hereto;

(iii) on each applicable Closing Date, a certificate evidencing the number of shares of Preferred Stock required to be delivered by the Company at such Closing, registered in the name of Purchaser and evidence of the filing and acceptance of the Certificate of Designation from the Secretary of State of Florida;

(iv) on or prior to the First Closing Date, the Control Acquisition Board Consent in form and substance reasonably satisfactory to Purchaser; and

(v) on or prior to the First Closing Date, the appointment of Purchaser's designees to the Board of Directors pursuant to Section 4.19.

(b) Purchaser shall deliver or cause to be delivered to the Company the following:

(i) on the date hereof, this Agreement duly executed by Purchaser; and

(ii) on the applicable Closing Date, Purchaser's Subscription Amount by wire transfer to the account specified in writing by the Company.

2.3 Closing Conditions.

(a) The obligations of the Company hereunder in connection with the Closing(s) are subject to the following conditions being met:

(i) the accuracy in all material respects when made and on the applicable Closing Date of the representations and warranties of the Purchaser contained herein (unless as of a specific date therein in which case they shall be accurate as of such date);

(ii) all material obligations, covenants and agreements of Purchaser required to be performed at or prior to the applicable Closing Date shall have been performed; and

(iii) the delivery by Purchaser of the items set forth in Section 2.2(b) of this Agreement.

(b) The obligations of the Purchaser hereunder in connection with the Closing(s) are subject to the following conditions being met:

(i) the accuracy in all material respects when made and as of the First Closing Date of the representations and warranties of the Company and the Company Representatives contained herein (unless as of a specific date therein);

(ii) all obligations, covenants and agreements of the Company and the Company Representatives required to be performed at or prior to the applicable Closing Date shall have been performed;

(iii) the delivery by the Company and the Company Representatives of the items set forth in Section 2.2(a) of this Agreement;

(iv) the Board of Directors Appointment (as defined in Section 4.19 below);

(v) As of the First Closing Date, the Company's Common Stock shall not have been deregistered by the United States Securities and Exchange Commission ("SEC");

(vi) As of the First Closing Date, the SEC shall have agreed not to deregister the Company's Common Stock and to provide the Company with a reasonable time to file its delinquent reports before deregistration would occur;

(vii) As of the First Closing Date, the Company's auditors shall have completed their audit of the Company's financial statements for the year ended June 30, 2013; and

(viii) there shall have been no material changes in the business of the Company or any of its Subsidiaries or any Material Adverse Effect with respect to the Company or any of its Subsidiaries from the date hereof to the First Closing Date.

ARTICLE III.
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Company and Company Representatives. Except as set forth in the Disclosure Schedules, the Company and Company Representatives, jointly and severally, hereby make the following representations and warranties as of the date hereof and as of each Closing Date to Purchaser:

(a) Subsidiaries. All of the direct and indirect subsidiaries of the Company are set forth on Schedule 3.1(a). The Company owns, directly or indirectly, all of the capital stock or other equity interests of each Subsidiary free and clear of any Liens, and all of the issued and outstanding shares of capital stock of each Subsidiary are validly issued and are fully paid, non-assessable and free of preemptive and similar rights to subscribe for or purchase securities. If the Company has no subsidiaries, all other references to the Subsidiaries or any of them in the Transaction Documents shall be disregarded.

(b) Organization and Qualification. The Company and each of the Subsidiaries is an entity duly incorporated or otherwise organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. Neither the Company nor any Subsidiary is in violation nor default of any of the provisions of its respective certificate or articles of incorporation, bylaws or other organizational or charter documents. Each of the Company and the Subsidiaries is duly qualified to conduct business and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not have or reasonably be expected to result in: (i) a material adverse effect on the legality, validity or enforceability of any Transaction Document, (ii) a material adverse effect on the results of operations, assets, business, prospects or condition (financial or otherwise) of the Company and the Subsidiaries, taken as a whole, or (iii) a material adverse effect on the Company's ability to perform in any material respect on a timely basis its obligations under any Transaction Document (any of (i), (ii) or (iii), a "Material Adverse Effect") and no Proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing or seeking to revoke, limit or curtail such power and authority or qualification.

(c) Authorization; Enforcement. The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by this Agreement and each of the other Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of this Agreement and each of the other Transaction Documents by the Company and the consummation by it of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company, the Board of Directors or the Company's stockholders in connection herewith or therewith other than in connection with the Required Approvals. This Agreement and each other Transaction Document to which it is a party has been (or upon delivery will have been) duly executed by the Company and, when delivered in accordance with the terms hereof and thereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(d) No Conflicts. The execution, delivery and performance by the Company of this Agreement and the other Transaction Documents to which it is a party, the issuance and sale of the Securities and the consummation by it of the transactions contemplated hereby and thereby do not and will not: (i) conflict with or violate any provision of the Company's or any Subsidiary's certificate or articles of incorporation, bylaws or other organizational or charter documents, (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any Lien upon any of the properties or assets of the Company or any Subsidiary, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a Company or Subsidiary debt or otherwise) or other understanding to which the Company or any Subsidiary is a party or by which any property or asset of the Company or any Subsidiary is bound or affected, or (iii) subject to the Required Approvals, conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company or a Subsidiary is subject (including federal and state securities laws and regulations), or by which any property or asset of the Company or a Subsidiary is bound or affected; except in the case of each of clauses (ii) and (iii), such as could not have or reasonably be expected to result in a Material Adverse Effect.

(e) Filings, Consents and Approvals. The Company is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority or other Person in connection with the execution, delivery and performance by the Company of the Transaction Documents, other than: (i) the filings required pursuant to Section 4.6 of this Agreement, (ii) the filing with the Commission pursuant to the Registration Rights Agreement, (iii) the notice and/or application(s) to each applicable

Trading Market for the issuance and sale of the Securities and the listing of the Conversion Shares for trading thereon in the time and manner required thereby, and (iv) the filing of Form D with the Commission and such filings as are required to be made under applicable state securities laws (collectively, the "Required Approvals").

(f) Issuance of the Securities. The Securities are duly authorized and, when issued and paid for in accordance with the applicable Transaction Documents, will be duly and validly issued, fully paid and nonassessable, free and clear of all Liens imposed by the Company other than restrictions on transfer provided for in the Transaction Documents. The Underlying Shares, when issued in accordance with the terms of the Transaction Documents, will be validly issued, fully paid and nonassessable, free and clear of all Liens imposed by the Company other than restrictions on transfer provided for in the Transaction Documents.

The Company does not have sufficient shares of Common Stock available for issuance upon conversion of the Preferred Stock. The Company and Company Representatives represent that 9,818,848,208 shares of Common Stock are outstanding as of the date hereof, which does not include shares reserved for conversion of the Company's outstanding Series L Convertible Preferred Stock, the exercise of outstanding options and shares reserved for conversion of promissory notes as set forth on the attached Schedule 3.1(g). The Company and Company Representatives represent and warrant that Purchaser will not be able to convert its shares of Preferred Stock until a majority of the Company's shareholders approves an increase in the authorized shares of Common Stock to provide sufficient shares for such conversions. The Company and Company Representatives represent and warrant that upon Purchaser obtaining 78.9% of the issued and outstanding shares of voting capital stock through the purchase at the First Closing of the Preferred Stock which has immediate majority voting rights, an amendment to the Company's articles of incorporation to increase the authorized shares of Common Stock can be accomplished by a majority shareholder written consent executed by Purchaser followed by the filing of an Information Statement. The Company and Company Representatives represent and warrant that no annual or special meeting of shareholders will be required for the increase of the authorized shares of Common Stock. All of the 51 shares of Series Q Preferred Stock held by Linda Grable (the sole holder of all authorized Series Q Preferred Stock) shall be irrevocably cancelled simultaneously with the First Closing Date.

(g) Capitalization. The authorized capital stock of Company consists of 20,000,000,000 shares of Common Stock and 2,000,000 shares of preferred stock. As of the Closing Date, Company has 9,818,848,208 shares of Common Stock issued and outstanding and 71 shares of preferred stock issued and outstanding (specifically, 20 shares of Series L; and 51 shares of Series Q). All of the outstanding shares of capital stock of Company are validly issued, fully paid and nonassessable, have been issued in compliance with all federal and state securities laws and none of such outstanding shares were issued in violation of any preemptive rights or similar rights to subscribe for or purchase securities. As of the Closing Date, no shares of Company's capital stock are subject to preemptive rights or any other similar rights or any liens, claims or encumbrances suffered or permitted by Company. The Common Stock is currently

quoted by the OTCBB under the trading symbol "IMDS". The capitalization of the Company is as set forth on Schedule 3.1(g), which Schedule 3.1(g) shall also include the number of shares of Common Stock owned beneficially, and of record, by Affiliates of the Company as of the date hereof. Except as set forth in Schedule 3.1(g), the Company has not issued any capital stock since its last filed periodic report under the Exchange Act filed on May 15, 2013, for the quarter ended March 1, 2013. No Person has any right of first refusal, preemptive right, right of participation, or any similar right to participate in the transactions contemplated by the Transaction Documents. Except as set forth in Schedule 3.1(g) or as a result of the purchase and sale of the Securities, there are no outstanding options, warrants, scrip rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities, rights or obligations convertible into or exercisable or exchangeable for, or giving any Person any right to subscribe for or acquire any shares of Common Stock, or contracts, commitments, understandings or arrangements by which the Company or any Subsidiary is or may become bound to issue additional shares of Common Stock or Common Stock Equivalents. Except as set forth in Schedule 3.1(g), the issuance and sale of the Securities will not obligate the Company to issue shares of Common Stock or other securities to any Person (other than the Purchaser) and will not result in a right of any holder of Company securities to adjust the exercise, conversion, exchange or reset price under any of such securities. All of the outstanding shares of capital stock of the Company are duly authorized, validly issued, fully paid and nonassessable, have been issued in compliance with all federal and state securities laws, and none of such outstanding shares was issued in violation of any preemptive rights or similar rights to subscribe for or purchase securities. No further approval or authorization of any stockholder, the Board of Directors or others is required for the issuance and sale of the Securities. There are no stockholders agreements, voting agreements or other similar agreements with respect to the Company's capital stock to which the Company is a party or, to the best knowledge of the Company and Company Representatives, between or among any of the Company's stockholders. Schedule A-1 is a complete list of all officers, directors and 5% or more shareholders of the Company that beneficially own any voting securities of the Company. Schedule A-2 is a complete list of all holders of the Company's warrants and options that have full ratchet anti-dilution or, could otherwise have a reduction in exercise price less than the Conversion Price.

Except as set forth in Schedule 3.1(g) attached hereto and except for the securities to be issued pursuant to this Agreement, as of the Closing Date: (i) there are no outstanding options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, any shares of capital stock of any Credit Party, or contracts, commitments, understandings or arrangements by which any of the Company or its Subsidiaries is or may become bound to issue additional shares of capital stock of any of the Company or its Subsidiaries or options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, any shares of capital stock of any of the Company or its Subsidiaries; (ii) there are no outstanding debt securities, notes, credit agreements, credit facilities or other contracts or instruments evidencing indebtedness of the Company and its Subsidiaries, or by which the Company and its Subsidiaries is or may become bound; (iii) there are no financing statements filed with any governmental authority securing any obligations of the Company and its Subsidiaries, or filed in connection with

any assets or properties of the Company and its Subsidiaries; (iii) there are no outstanding registration statements with respect to Company or any of its securities and there are no outstanding comment letters from the SEC, the Trading Market, or any other governmental authority with respect to any securities of any of the Company or its Subsidiaries; (iv) there are no agreements or arrangements under which any of the Company or its Subsidiaries is obligated to register the sale of any of its securities under the Securities Act; (v) there are no financing statements filed with any governmental authority securing any obligations of any of the Company or its Subsidiaries, or filed in connection with any assets or properties of any of the Company or its Subsidiaries; (vi) there are no securities or instruments containing anti-dilution or similar provisions that will be triggered by this Agreement or any related agreement or the consummation of the transactions described herein or therein; and (vii) there are no outstanding securities or instruments of any of the Company or its Subsidiaries which contain any redemption or similar provisions, and there are no contracts or agreements by which any of the Company or its Subsidiaries is or may become bound to redeem a security of any of the Company or its Subsidiaries (except pursuant to this Agreement). Each of the Company and its Subsidiaries has furnished to the Purchaser true, complete and correct copies of, as applicable: Certificate of Incorporation, as amended and as in effect on each Closing Date and Bylaws, as in effect on each Closing Date, and any other governing or organizational documents. Except for the documents delivered to Purchaser in accordance with the immediately preceding sentence, there are no other shareholder agreements, voting agreements, operating agreements, or other contracts or agreements of any nature or kind that restrict, limit or in any manner impose obligations, restrictions or limitations on the governance of each of the Company or its Subsidiaries.

(h) SEC Reports; Financial Statements. The Company's Common Stock is registered under Section 12(g) of the Exchange Act and the Company has filed all reports, schedules, forms, statements and other documents required to be filed by the Company under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, for periods through March 31, 2013 (the foregoing materials, including the exhibits thereto and documents incorporated by reference therein, being collectively referred to herein as the "SEC Reports") on a timely basis or has received a valid extension of such time of filing and has filed any such SEC Reports prior to the expiration of any such extension; provided, however, the Company has not timely filed SEC Reports since the filing of its Quarterly Report on Form 10-Q for the period ending March 31, 2013. As of their respective dates, the SEC Reports complied in all material respects with the requirements of the Securities Act and the Exchange Act, as applicable, and none of the SEC Reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The financial statements of the Company through March 31, 2013, comply in all material respects with applicable accounting requirements and the rules and regulations of the Commission with respect thereto as in effect at the time of filing. Such financial statements have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis during the periods involved ("GAAP"), except as may be otherwise specified in such financial statements or the notes thereto and except that unaudited financial statements may not contain all footnotes

required by GAAP, and fairly present in all material respects the financial position of the Company and its consolidated Subsidiaries as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, immaterial, year-end audit adjustments.

(i) Material Changes; Undisclosed Events, Liabilities or Developments. Since the date of the latest audited financial statements, June 30, 2012: (i) except as set forth in Schedule 3.1(i), there has been no event, occurrence or development that has had or that could reasonably be expected to result in a Material Adverse Effect, (ii) except as set forth in Schedule 3.1(i), the Company has not incurred any liabilities (contingent or otherwise) other than (A) trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice and (B) liabilities not required to be reflected in the Company's financial statements pursuant to GAAP or disclosed in filings made with the Commission, (iii) the Company has not altered its method of accounting, (iv) the Company has not declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock, and (v) except as set forth in Schedule 3.1(i), the Company has not issued any equity securities to any officer, director or Affiliate, except pursuant to existing Company stock option plans. The Company does not have pending before the Commission any request for confidential treatment of information. Except for the issuance of the Securities contemplated by this Agreement or as set forth on Schedule 3.1(i), no event, liability, fact, circumstance, occurrence or development has occurred or exists or is reasonably expected to occur or exist with respect to the Company or its Subsidiaries or their respective businesses, properties, operations, assets or financial condition, that would be required to be disclosed by the Company under applicable securities laws at the time this representation is made or deemed made that has not been publicly disclosed at least one Trading Day prior to the date that this representation is made.

(j) Litigation. Except as set forth in Schedule 3.1(j), there is no action, suit, inquiry, notice of violation, proceeding or investigation pending or, to the best knowledge of the Company and the Company Representatives, threatened against or affecting the Company, any Subsidiary or any of their respective properties before or by any court, arbitrator, governmental or administrative agency or regulatory authority (federal, state, county, local or foreign) (collectively, an "Action") which (i) adversely affects or challenges the legality, validity or enforceability of any of the Transaction Documents or the Securities or (ii) could, if there were an unfavorable decision, have or reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any Subsidiary, nor any director or officer thereof, is or has been the subject of any Action involving a claim of violation of or liability under federal or state securities laws or a claim of breach of fiduciary duty. Except as set forth on Schedule 3.1(j), there has not been, and to the best knowledge of the Company and Company Representatives, there is not pending or contemplated, any investigation by the Commission involving the Company or any current director or officer of the Company, and the Company and Company Representatives do not have any knowledge that any former director or officer that served the Company has been investigated by the Commission, except with respect to the SEC Judgment (as described in Section 4.21 below). The Commission has not

issued any stop order or other order suspending the effectiveness of any registration statement filed by the Company or any Subsidiary under the Exchange Act or the Securities Act.

(k) Labor Relations. No labor dispute exists or, to the best knowledge of the Company and Company Representatives, is imminent with respect to any of the employees of the Company. None of the Company's or its Subsidiaries' employees is a member of a union that relates to such employee's relationship with the Company or such Subsidiary, and neither the Company nor any of its Subsidiaries is a party to a collective bargaining agreement, and the Company and its Subsidiaries believe that their relationships with their employees are good. To the best knowledge of the Company and Company Representatives, no executive officer of the Company or any Subsidiary, is, or is now expected to be, in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement or non-competition agreement, or any other contract or agreement or any restrictive covenant in favor of any third party, and the continued employment of each such executive officer does not subject the Company or any of its Subsidiaries to any liability with respect to any of the foregoing matters. The Company and its Subsidiaries are in compliance with all U.S. federal, state, local and foreign laws and regulations relating to employment and employment practices, terms and conditions of employment and wages and hours, except where the failure to be in compliance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(l) Compliance. Except as set forth in Schedule 3.1(l), neither the Company nor any Subsidiary: (i) is in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company or any Subsidiary under), nor has the Company or any Subsidiary received notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived), (ii) is in violation of any judgment, decree or order of any court, arbitrator or other governmental authority or (iii) is or has been in violation of any statute, rule, ordinance or regulation of any governmental authority, including without limitation all foreign, federal, state and local laws relating to taxes, environmental protection, occupational health and safety, product quality and safety and employment and labor matters, except in each case as could not have or reasonably be expected to result in a Material Adverse Effect.

(m) Regulatory Permits. The Company and the Subsidiaries possess all certificates, authorizations and permits issued by the appropriate federal, state, local or foreign regulatory authorities necessary to conduct their respective businesses as described in the SEC Reports, except where the failure to possess such permits could not reasonably be expected to result in a Material Adverse Effect ("Material Permits"), and neither the Company nor any Subsidiary has received any notice of proceedings relating to the revocation or modification of any Material Permit.

(n) Title to Assets. Schedule 3.1(n) is a complete and detailed list of all assets and property owned and leased by the Company and its Subsidiaries. The Company and the Subsidiaries have good and marketable title in fee simple to all real property owned by them and good and marketable title in all personal property owned by them that is material to the business of the Company and the Subsidiaries, in each case free and clear of all Liens, except for (i) Liens as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company and the Subsidiaries and (ii) Liens for the payment of federal, state or other taxes, for which appropriate reserves have been made therefor in accordance with GAAP and, the payment of which is neither delinquent nor subject to penalties. Any real property and facilities held under lease by the Company and the Subsidiaries are held by them under valid, subsisting and enforceable leases with which the Company and the Subsidiaries are in compliance.

(o) Intellectual Property. The Company and the Subsidiaries have, or have rights to use, all patents, patent applications, trademarks, trademark applications, service marks, trade names, trade secrets, inventions, copyrights, licenses and other intellectual property rights and similar rights as described in the SEC Reports as necessary or required for use in connection with their respective businesses and which the failure to so have could have a Material Adverse Effect (collectively, the "Intellectual Property Rights"). Set forth on Schedule 3.1(o) is a complete and detailed list of all Intellectual Property Rights of the Company and its Subsidiaries. None of, and neither the Company nor any Subsidiary has received a notice (written or otherwise) that any of, the Intellectual Property Rights has expired, terminated or been abandoned, or is expected to expire or terminate or be abandoned, within two (2) years from the date of this Agreement. Neither the Company nor any Subsidiary has received, since the date of the latest audited financial statements, June 30, 2012, a written notice of a claim or otherwise has any knowledge that the Intellectual Property Rights violate or infringe upon the rights of any Person. To the best knowledge of the Company and Company Representatives, all such Intellectual Property Rights are enforceable and there is no existing infringement by another Person of any of the Intellectual Property Rights. The Company and its Subsidiaries have taken reasonable security measures to protect the secrecy, confidentiality and value of all of their intellectual properties. The parties hereto agree that legal title to all core and material Intellectual Property Rights of the Company or used in connection with the businesses of the Company or its Subsidiaries shall be held by the Company, and where applicable, as evidenced by proper assignments and registrations, to the satisfaction of Purchaser, at its sole and absolute discretion. Company Representatives and the Company shall cooperate in good faith with Purchaser to complete the required transfers and assignments of such Intellectual Property Rights.

(p) Insurance. The Company and the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which the Company and the Subsidiaries are engaged, including, but not limited to, directors and officers insurance coverage at least equal to the aggregate Subscription Amount. Neither the Company nor any Subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar

insurers as may be necessary to continue its business without a significant increase in cost.

(q) Transactions With Affiliates and Employees. None of the officers or directors of the Company or any Subsidiary and, to the best knowledge of the Company and the Company Representatives, none of the employees of the Company or any Subsidiary is presently a party to any transaction with the Company or any Subsidiary (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, providing for the borrowing of money from or lending of money too or otherwise requiring payments to or from any officer, director or such employee or, to the best knowledge of the Company and the Company Representatives, any entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee, stockholder, member or partner, in each case in excess of $10,000 other than for: (i) payment of salary or consulting fees for services rendered, (ii) reimbursement for expenses incurred on behalf of the Company and (iii) other employee benefits, including stock option agreements under any stock option plan of the Company.

(r) Sarbanes-Oxley; Internal Accounting Controls. The Company and the Subsidiaries are in compliance with any and all applicable requirements of the Sarbanes-Oxley Act of 2002 that are effective as of the date hereof, and any and all applicable rules and regulations promulgated by the Commission thereunder that are effective as of the date hereof and as of each Closing Date. The Company and the Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Company and the Subsidiaries have established disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and the Subsidiaries and designed such disclosure controls and procedures to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. The Company's certifying officers have evaluated the effectiveness of the disclosure controls and procedures of the Company and the Subsidiaries as of June 27, 2014 (such date, the "Evaluation Date"). The Company presented in its most recently filed periodic report under the Exchange Act the conclusions of the certifying officers about the effectiveness of the disclosure controls and procedures based on their evaluations as of the Evaluation Date. Since the Evaluation Date, there have been no changes in the internal control over financial reporting (as such term is defined in the Exchange Act) of the Company and its Subsidiaries that have materially affected, or is reasonably likely to materially affect, the internal control over financial reporting of the Company and its Subsidiaries.

(s) Certain Fees. No brokerage or finder's fees or commissions are or will be payable by the Company or any Subsidiary to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the transactions contemplated by the Transaction Documents. The Purchaser shall have no obligation with respect to any fees or with respect to any claims made by or on behalf of other Persons for fees of a type contemplated in this Section that may be due in connection with the transactions contemplated by the Transaction Documents.

(t) Private Placement. Assuming the accuracy of the Purchaser's representations and warranties set forth in Section 3.2, no registration under the Securities Act is required for the offer and sale of the Securities by the Company to the Purchaser as contemplated hereby. The issuance and sale of the Securities hereunder does not contravene the rules and regulations of the Trading Market.

(u) Investment Company. The Company is not, and is not an Affiliate of, and immediately after receipt of payment for the Securities, will not be or be an Affiliate of, an "investment company" within the meaning of the Investment Company Act of 1940, as amended. The Company shall conduct its business in a manner so that it will not become an "investment company" subject to registration under the Investment Company Act of 1940, as amended.

(v) Registration Rights. Other than Purchaser, no Person has any right to cause the Company to effect the registration under the Securities Act of any securities of the Company or any Subsidiary.

(w) Listing and Maintenance Requirements. The Common Stock is registered pursuant to Section 12(b) or 12(g) of the Exchange Act, and the Company has taken no action designed to, or which to the best knowledge of the Company and the Company Representatives, is likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act. Except as set forth on Schedule 3.1(w), the Company has not received any notification that the Commission is contemplating terminating such registration. Except as set forth on Schedule 3.1(w), the Company has not, in the 12 months preceding the date hereof, received notice from the Trading Market on which the Common Stock is listed or quoted to the effect that the Company is not in compliance with the listing or maintenance requirements of such Trading Market.

(x) Application of Takeover Protections. The Company and the Board of Directors have taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under the Company's articles of incorporation (or similar charter documents) or the laws of its state of incorporation that is or could become applicable to the Purchaser as a result of the Purchaser and the Company fulfilling their obligations or exercising their rights under the Transaction Documents, including without limitation as a result of the Company's issuance of the Securities and the Purchaser's ownership of the Securities.

(y) Disclosure. All of the disclosure furnished by or on behalf of the Company and Company Representatives to the Purchaser regarding the Company and its Subsidiaries, their respective businesses and the transactions contemplated hereby, including the Disclosure Schedules to this Agreement, is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. The press releases disseminated by the Company during the twelve months preceding the date of this Agreement taken as a whole do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made and when made, not misleading. The Company acknowledges and agrees that Purchaser does not make and has not made any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in Section 3.2 hereof.

(z) No Integrated Offering. Assuming the accuracy of the Purchaser's representations and warranties set forth in Section 3.2, neither the Company, nor any of its Affiliates, nor any Person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause this offering of the Securities to be integrated with prior offerings by the Company for purposes of (i) the Securities Act which would require the registration of any such securities under the Securities Act, or (ii) any applicable shareholder approval provisions of any Trading Market on which any of the securities of the Company are listed or designated.

(aa) Indebtedness. Schedule 3.1(aa) sets forth as of the date hereof all outstanding secured and unsecured Indebtedness of the Company or any Subsidiary, or for which the Company or any Subsidiary has commitments. For the purposes of this Agreement, "Indebtedness" means (x) any liabilities for borrowed money or amounts owed in excess of $10,000 (other than trade accounts payable incurred in the ordinary course of business), (y) all guaranties, endorsements and other contingent obligations in respect of indebtedness of others, whether or not the same are or should be reflected in the Company's consolidated balance sheet (or the notes thereto), except guaranties by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business; and (z) the present value of any lease payments in excess of $10,000 due under leases required to be capitalized in accordance with GAAP. Except as set forth in Schedule 3.1(aa), neither the Company nor any Subsidiary is in default with respect to any Indebtedness.

(bb) Tax Status. Except as expressly set forth hereinbelow, the Company and its Subsidiaries each (i) has made or filed all United States federal, state and local income and all foreign income and franchise tax returns, reports and declarations required by any jurisdiction to which it is subject, (ii) has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations and (iii) has set aside on its books provision reasonably adequate for the payment of all material taxes for periods subsequent to the periods to which such returns, reports or declarations apply. Except as expressly set forth

hereinbelow, there are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company or of any Subsidiary know of no basis for any such claim. As of December 23, 2013, the Company owes accrued payroll taxes of $1,396,691 to the Internal Revenue Service ("IRS") which is subject to further interest and penalties in the amount(s) of $177,402 if not settled and paid to the IRS. The IRS has filed a lien against the Company in Broward County, Florida.

(cc) No General Solicitation. Neither the Company nor any person acting on behalf of the Company has offered or sold any of the Securities by any form of general solicitation or general advertising. The Company has offered the Securities for sale only to the Purchaser and certain other "accredited investors" within the meaning of Rule 501 under the Securities Act.

(dd) Foreign Corrupt Practices. Neither the Company nor any Subsidiary, nor to the best knowledge of the Company Representatives, the Company or any Subsidiary, any agent or other person acting on behalf of the Company or any Subsidiary, has: (i) directly or indirectly, used any funds for unlawful contributions, gifts, entertainment or other unlawful expenses related to foreign or domestic political activity, (ii) made any unlawful payment to foreign or domestic government officials or employees or to any foreign or domestic political parties or campaigns from corporate funds, (iii) failed to disclose fully any contribution made by the Company or any Subsidiary (or made by any person acting on its behalf of which the Company is aware) which is in violation of law or (iv) violated in any material respect any provision of FCPA.

(ee) Accountants. The Company's accounting firm is set forth on Schedule 3.1(ee) of the Disclosure Schedules. To the best knowledge and belief of the Company and Company Representatives, such accounting firm: (i) is a registered public accounting firm as required by the Exchange Act and (ii) shall express its opinion with respect to the financial statements to be included in the Company's Annual Report for the fiscal year ending June 30, 2012.

(ff) Seniority. As of the First Closing Date, except as set forth in Schedule 3.1(ff), no Indebtedness or other claim against the Company is senior to the Preferred Stock in right of payment, whether with respect to interest or upon liquidation or dissolution, or otherwise, other than indebtedness secured by purchase money security interests (which is senior only as to underlying assets covered thereby) and capital lease obligations (which is senior only as to the property covered thereby).

(gg) No Disagreements with Accountants and Lawyers. There are no disagreements of any kind presently existing, or reasonably anticipated by the Company to arise, between the Company and the accountants and lawyers formerly or presently employed by the Company and the Company is current with respect to any fees owed to its accountants and lawyers which could affect the Company's ability to perform any of its obligations under any of the Transaction Documents.

(hh) Acknowledgment Regarding Purchaser's Purchase of Securities. The Company acknowledges and agrees that Purchaser is acting solely in the capacity of an arm's length purchaser with respect to the Transaction Documents and the transactions contemplated thereby. The Company further acknowledges that Purchaser is acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated thereby and any advice given by Purchaser or any of their respective representatives or agents in connection with the Transaction Documents and the transactions contemplated thereby is merely incidental to the Purchaser's purchase of the Securities. The Company and Company Representatives further represent to Purchaser that the Company's decision to enter into this Agreement and the other Transaction Documents has been based solely on the independent evaluation of the transactions contemplated hereby by the Company and its representatives.

(ii) Acknowledgment Regarding Purchaser's Trading Activity. Anything in this Agreement or elsewhere herein to the contrary notwithstanding, except as otherwise provided in Sections 3.2(f) and/or 4.15 hereof, it is understood and acknowledged by the Company and Company Representatives that: (i) Purchaser has not been asked by the Company to agree, nor has Purchaser agreed, to desist from purchasing or selling, long and/or short, securities of the Company, or "derivative" securities based on securities issued by the Company or to hold the Securities for any specified term, (ii) past or future open market or other transactions by Purchaser, specifically including, without limitation, Short Sales or "derivative" transactions, before or after the closing of this or future private placement transactions, may negatively impact the market price of the Company's publicly-traded securities, (iii) Purchaser, and counter-parties in "derivative" transactions to which Purchaser is a party, directly or indirectly, may presently have a "short" position in the Common Stock and (iv) Purchaser shall not be deemed to have any affiliation with or control over any arm's length counter-party in any "derivative" transaction. The Company further understands and acknowledges that, except as otherwise provided in Section 4.15 hereof, (y) Purchaser may engage in hedging activities at various times during the period that the Securities are outstanding, including, without limitation, during the periods that the value of the Underlying Shares deliverable with respect to Securities are being determined, and (z) such hedging activities (if any) could reduce the value of the existing stockholders' equity interests in the Company at and after the time that the hedging activities are being conducted. The Company acknowledges that such aforementioned hedging activities if done in compliance with Section 4.14 hereof will not constitute a breach of any of the Transaction Documents.

(jj) Regulation M Compliance. The Company has not, and to the best knowledge of the Company or the Company Representatives, no one acting on its behalf has, (i) taken, directly or indirectly, any action designed to cause or to result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of any of the Securities, (ii) sold, bid for, purchased, or paid any compensation for soliciting purchases of, any of the Securities, or (iii) paid or agreed to pay to any Person any compensation for soliciting another to purchase any other securities of the Company, other than, in the case of clauses (ii) and (iii), except as set

forth on Schedule 3.1(jj), compensation paid to the Company's placement agent in connection with the placement of the Securities.

(kk) FDA. As to each product subject to the jurisdiction of the U.S. Food and Drug Administration ("FDA") under the Federal Food, Drug and Cosmetic Act, as amended, and the regulations thereunder ("FDCA") that is manufactured, packaged, labeled, tested, distributed, sold, and/or marketed by the Company or any of its Subsidiaries (each such product, a "Medical Device"), such Medical Device is being manufactured, packaged, labeled, tested, distributed, sold and/or marketed by the Company in compliance with all applicable requirements under FDCA and similar laws, rules and regulations relating to registration, investigational use, premarket clearance, licensure, or application approval, good manufacturing practices, good laboratory practices, good clinical practices, product listing, quotas, labeling, advertising, record keeping and filing of reports. There is no pending, completed or, to the Company's best knowledge and the Company Representatives' best knowledge, threatened, action (including any lawsuit, arbitration, or legal or administrative or regulatory proceeding, charge, complaint, or investigation) against the Company or any of its Subsidiaries, and none of the Company or any of its Subsidiaries has received any notice, warning letter or other communication from the FDA or any other governmental entity, which (i) contests the premarket clearance, licensure, registration, or approval of, the uses of, the distribution of, the manufacturing or packaging of, the testing of, the sale of, or the labeling and promotion of any Medical Device, (ii) withdraws its approval of, requests the recall, suspension, or seizure of, or withdraws or orders the withdrawal of advertising or sales promotional materials relating to, any Medical Device, (iii) imposes a clinical hold on any clinical investigation by the Company or any of its Subsidiaries, (iv) enjoins production at any facility of the Company or any of its Subsidiaries, (v) enters or proposes to enter into a consent decree of permanent injunction with the Company or any of its Subsidiaries, or (vi) otherwise alleges any violation of any laws, rules or regulations by the Company or any of its Subsidiaries. The properties, business and operations of the Company have been and are being conducted in all material respects in accordance with all applicable laws, rules and regulations of the FDA. The Company has not been informed by the FDA that the FDA will prohibit the marketing, sale, license or use in the United States of any product proposed to be developed, produced or marketed by the Company nor has the FDA expressed any concern as to approving or clearing for marketing any product being developed or proposed to be developed by the Company.

(ll) Stock Option Plans. Schedule 3.1(ll) is a complete and detailed list of all stock option plans of the Company and its Subsidiaries. Each stock option granted by the Company under the Company's stock option plan was granted (i) in accordance with the terms of the Company's stock option plan and (ii) with an exercise price at least equal to the fair market value of the Common Stock on the date such stock option would be considered granted under GAAP and applicable law. No stock option granted under the Company's stock option plan has been backdated. The Company has not knowingly granted, and there is no and has been no Company policy or practice to knowingly grant, stock options prior to, or otherwise knowingly coordinate the grant of stock options with, the release or other public announcement of material information regarding the Company or its Subsidiaries or their financial results or prospects.

(mm) Office of Foreign Assets Control. Neither the Company nor any Subsidiary nor, to the Company's best knowledge and the Company Representatives' best knowledge, any director, officer, agent, employee or affiliate of the Company or any Subsidiary is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC").

(nn) U.S. Real Property Holding Corporation. The Company is not and has never been a U.S. real property holding corporation within the meaning of Section 897 of the Internal Revenue Code of 1986, as amended, and the Company shall so certify upon Purchaser's request.

(oo) Bank Holding Company Act. Neither the Company nor any of its Subsidiaries or Affiliates is subject to the Bank Holding Company Act of 1956, as amended (the "BHCA") and to regulation by the Board of Governors of the Federal Reserve System (the "Federal Reserve"). Neither the Company nor any of its Subsidiaries or Affiliates owns or controls, directly or indirectly, five percent (5%) or more of the outstanding shares of any class of voting securities or twenty-five percent or more of the total equity of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve. Neither the Company nor any of its Subsidiaries or Affiliates exercises a controlling influence over the management or policies of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve.

(pp) Money Laundering. The operations of the Company and its Subsidiaries are and have been conducted at all times in compliance with applicable financial record-keeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, applicable money laundering statutes and applicable rules and regulations thereunder (collectively, the "Money Laundering Laws"), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company and any Subsidiary with respect to the Money Laundering Laws is pending or, to the best knowledge of the Company Representatives, the Company or any Subsidiary, threatened.

(qq) Contracts.

(i) Except for agreements, contracts, plans, leases, arrangements or commitments disclosed in Schedule 3.1(qq) to this Agreement, neither the Company nor any of its Subsidiary is a party to or subject to any lease, license, contract, agreement or understanding, whether written or oral.

(ii) Each agreement, contract, plan, lease, arrangement and commitment disclosed in any Schedule to this Agreement or required to be disclosed pursuant to Section 3.1(qq) is a valid and binding agreement of the Company and each Subsidiary, enforceable in accordance with its terms, and is in full force and effect, and neither the Company nor any of its Subsidiary, nor, to the best knowledge of the Company and Company Representatives, any other party thereto is in default under the terms of any such agreement, contract, plan, lease, arrangement or commitment.

(rr) Subsidiaries and Other Equity Investments. Neither the Company nor any Company Representative owns, directly or indirectly, any shares of capital stock of any corporation or any equity investment in any partnership, limited liability company, association or other business organization, and neither the Company nor any Company Representative has any obligation to make any such investment.

(ss) Relationships with Related Persons. To the best knowledge of the Company or any Company Representative, neither the Company, its Subsidiaries nor any Company Representative, employee or stockholder of the Company, or any officer or Affiliate of the Company, or any Affiliate of any Company Representative (A) is or has owned (of record or as a beneficial owner) an equity interest of 5% or more, (B) has or has had any material financial or profit interest in, or (C) is an employee, owner, officer, or director of a Person that has or has had (i) material business dealings or a material financial interest in any transaction with the Company or its Subsidiaries, or (ii) engaged in competition with the Company or its Subsidiaries with respect to any line of the services or products of the Company (a "Competing Business") in any market presently served by the Company or its Subsidiaries (except for ownership of less than five percent (5%) of the outstanding capital stock of any Competing Business that is publicly traded on any recognized exchange or in the over-the-counter market).

(tt) Intercompany Arrangements. Neither the Company or any of its Subsidiaries owns any note, bond, debenture or other indebtedness for borrowed money, of the other(s), any Company Representative, stockholder, director, partner, manager, officer or employee of Company, its Subsidiaries or any of their respective Affiliates. Since the June 30, 2012, Balance Sheet, there has not been any payment by the Company or any of its Subsidiary to any such Person, charge by any such Person to the Company or its Subsidiaries, or other transaction between the Company, any of the Company's Subsidiary and any such Person.

(uu) Warranty and Related Matters. The standard forms of license, maintenance, service and other agreements setting forth the terms of outstanding product and service warranties and guarantees on all products sold, marketed or distributed by Company and its Subsidiaries (collectively, the "Company Products") are attached hereto as Schedule 3.1 (uu). Schedule 3.1 (uu) also sets forth a list of all outstanding product and service warranties and guarantees related to the Company Products set forth in agreements listed on Schedule 3.1 (uu) and that are substantially different from the product and service warranties and guarantees set forth in the standard form agreements of Company and its Subsidiaries. There are not existing or, to the best knowledge of the Company and Company Representatives, threatened product liability, warranty or other similar claims against the Company or any of its Subsidiaries alleging that any Company Product is defective in any respect or fails to meet any product or service warranty, except as set forth in Schedule 3.1 (uu) hereto and to the extent of warranty reserves. To the best knowledge of the Company and each of the Company Representatives, there are (i) no inherent design defects or systemic or chronic problems in any Company Product

that prevents its continued commercial usage; and (ii) no material liabilities for warranty or other claims or returns with respect to any such material defects or problems.

(vv) Solvency. Neither the Company nor any of its Subsidiaries has: (i) made a general assignment for the benefit of creditors; (ii) filed any voluntary petition in bankruptcy or suffered the filing of any involuntary petition by its creditors; (iii) suffered the appointment of a receiver to take possession of all, or substantially all, of its assets; (iv) suffered the attachment or other judicial seizure of all, or substantially all, of its assets; (v) admitted in writing its inability to pay its debts as they come due; or (vi) made an offer of settlement, extension or composition to its creditors generally.

The foregoing representations and warranties made in this Section 3.1, including, without limitation, Section 3.1(g), shall survive the Closing and shall not be deemed merged into any instrument or conveyance delivered at the Closing. Each Company Representative has carefully reviewed each representation, warranty and schedule provided under this Section 3.1.

SCHWARTZ' INITIALS: _____ **L. GRABLE'S INITIALS:** _____

R. GRABLE'S INITIALS: _____

3.2 Representations and Warranties of the Purchaser. Purchaser hereby represents and warrants as of the date hereof and as of each Closing Date to the Company as follows (unless as of a specific date therein):

(a) Organization; Authority. Purchaser is an entity duly incorporated or formed, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation with full right, corporate, partnership, limited liability company or similar power and authority to enter into and to consummate the transactions contemplated by the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of the Transaction Documents and performance by Purchaser of the transactions contemplated by the Transaction Documents have been duly authorized by all necessary corporate action and on the part of Purchaser. Each Transaction Document to which it is a party has been duly executed by Purchaser, and when delivered by Purchaser in accordance with the terms hereof, will constitute the valid and legally binding obligation of Purchaser, enforceable against it in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(b) Own Account. Purchaser understands that the Securities are "restricted securities" and have not been registered under the Securities Act or any applicable state securities law and is acquiring the Securities as principal for its own account and not with a view to or for distributing or reselling such Securities or any part thereof in violation of the Securities Act or any applicable state securities law, has no present intention of distributing any of such Securities in violation of the Securities Act or any applicable state securities law and has no direct or indirect arrangement or understandings with any other persons to distribute or regarding the distribution of such Securities in violation of the Securities Act or any applicable state securities law (this representation and warranty not limiting Purchaser's right to sell the Securities pursuant to the Registration Statement or otherwise in compliance with applicable federal and state securities laws).

(c) Purchaser Status and No Financing Contingency. At the time Purchaser was offered the Securities, it was, and as of the date hereof it is, and on each Closing Date, it will be either: (i) an "accredited investor" as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7) or (a)(8) under the Securities Act or (ii) a "qualified institutional buyer" as defined in Rule 144A(a) under the Securities Act. Purchaser represents and warrants to the Company that Purchaser has all the readily available funds in its possession which are necessary to close the transactions described in this Agreement.

(d) Experience of Purchaser. Purchaser, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Securities, and has so evaluated the merits and risks of such investment. Purchaser is able to bear the economic risk of an investment in the Securities and, at the present time, is able to afford a complete loss of such investment.

(e) General Solicitation. Purchaser is not purchasing the Securities as a result of any advertisement, article, notice or other communication regarding the Securities published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general solicitation or general advertisement.

The Company acknowledges and agrees that the representations contained in Section 3.2 shall not modify, amend or affect Purchaser's right to rely on the Company's and Company Representatives' representations and warranties contained in this Agreement or any representations and warranties contained in any other Transaction Document or any other document or instrument executed and/or delivered in connection with this Agreement or the consummation of the transaction contemplated hereby. This Agreement, the exhibits and schedules hereto and all other documents and information furnished to Purchaser and its representatives by the Company and Company Representatives do not and will not, as of each applicable Closing Date, include any known untrue statement of a material fact or omit to state any known material fact necessary to make such statements made and to be made not misleading or necessary to provide a prospective purchaser of the Securities with full and complete information as to the Company, and the Company's properties, assets, liabilities, business and prospects and the condition thereof (financial and otherwise). The Company and Company

Representatives have disclosed to Purchaser in writing or on schedules attached hereto all adverse facts known to them relating to the Company and the Securities and operation of the Company's and its Subsidiaries' business. The performance of due diligence shall not limit the indemnification obligations of the Company and Company Representatives hereunder.

ARTICLE IV.
OTHER AGREEMENTS OF THE PARTIES

4.1 Transfer Restrictions.

(a) The Securities may only be disposed of in compliance with state and federal securities laws. In connection with any transfer of Securities other than pursuant to an effective registration statement or Rule 144, to the Company or to an Affiliate of Purchaser or in connection with a pledge as contemplated in Section 4.1(b), the Company may require the transferor thereof to provide to the Company an opinion of counsel selected by the transferor and reasonably acceptable to the Company, the fees and expenses of which shall be borne by the Company, to the effect that such transfer does not require registration of such transferred Securities under the Securities Act. As a condition of transfer, any such transferee shall agree in writing to be bound by the terms of this Agreement and the Registration Rights Agreement and shall have the rights and obligations of Purchaser under this Agreement and the Registration Rights Agreement.

(b) The Purchaser agrees to the imprinting, so long as is required by this Section 4.1, of a legend on any of the Securities in the following form:

NEITHER THIS SECURITY NOR THE SECURITIES INTO WHICH THIS SECURITY IS EXERCISABLE OR CONVERTIBLE HAS BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY.

4.2 Acknowledgment of Dilution. The Company and Company Representatives acknowledge that the issuance of the Securities will result in dilution of the outstanding shares of Common Stock, which dilution will be substantial. The Company further acknowledges that its obligations under the Transaction Documents, including, without limitation, its obligation to issue the Underlying Shares pursuant to the Transaction Documents, are unconditional and

absolute and not subject to any right of set off, counterclaim, delay or reduction, regardless of the effect of any such dilution or any claim the Company may have against Purchaser and regardless of the dilutive effect that such issuance may have on the ownership of the other stockholders of the Company.

4.3 [Intentionally Deleted]

4.4 Integration. The Company shall not sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that would be integrated with the offer or sale of the Securities in a manner that would require the registration under the Securities Act of the sale of the Securities or that would be integrated with the offer or sale of the Securities for purposes of the rules and regulations of any Trading Market such that it would require shareholder approval prior to the closing of such other transaction unless shareholder approval is obtained before the closing of such subsequent transaction.

4.5 Conversion and Exercise Procedures. The form of Notice of Conversion included in the Certificate of Designation sets forth the totality of the procedures required of the Purchaser in order to convert the Preferred Stock. Without limiting the preceding sentences, no ink-original Notice of Conversion shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Conversion form be required in order to convert the Preferred Stock. No additional legal opinion, other information or instructions shall be required of the Purchaser to convert Purchaser's Preferred Stock. The Company shall honor conversions of the Preferred Stock and shall deliver Underlying Shares in accordance with the terms, conditions and time periods set forth in the Transaction Documents.

4.6 Securities Laws Disclosure; Publicity. The Company shall, by 5:00 p.m. (New York City time) on the fourth Trading Day immediately following the date hereof, file a Current Report on Form 8-K and press release disclosing the material terms of the transactions contemplated hereby, including the Transaction Documents as exhibits thereto. The Company and Purchaser shall consult with each other in issuing any other press releases with respect to the transactions contemplated hereby, and neither the Company nor Purchaser shall issue any such press release nor otherwise make any such public statement without the prior consent of the Company, with respect to any such press release of Purchaser, which consent shall not unreasonably be withheld or delayed, or without the prior consent of Purchaser, with respect to any such press release of the Company, which consent shall not unreasonably be withheld or delayed, except if such disclosure is required by law, rule or regulation, in which case the disclosing party shall promptly provide the other party with prior notice of such public statement or communication.

4.7 Shareholder Rights Plan. No claim will be made or enforced by the Company or, with the consent of the Company, any other Person, that Purchaser is an "Acquiring Person" under any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or similar anti-takeover plan or arrangement in effect or hereafter adopted by the Company, or that Purchaser could be deemed to trigger the provisions of any such plan or arrangement, by virtue of receiving Securities under the Transaction Documents or under any other agreement between the Company and the Purchaser.

4.8 Non-Public Information. Except with respect to the material terms and conditions of the transactions contemplated by the Transaction Documents and certain material non-public information which the Company has already provided to the Purchaser (which is the information subject the Disclosure Date obligations in Section 4.6), the Company covenants and agrees that neither it, nor any other Person acting on its behalf, will provide Purchaser or its agents or counsel with any additional information that the Company believes constitutes material non-public information, unless prior thereto Purchaser shall have entered into a written agreement with the Company regarding the confidentiality and use of such information. The Company understands and confirms that Purchaser shall be relying on the foregoing covenant in effecting transactions in securities of the Company.

4.9 Use of Proceeds. The Company shall use the net proceeds from the sale of the Securities hereunder for debt service of debt existing as of the date hereof, obtaining FDA pre-market approval for its Products and working capital purposes as set forth in Schedule 4.9 attached hereto, and shall not use such proceeds: (a) for the satisfaction of any other portion of the Company's debt other than as set forth on Schedule 4.9 hereto (other than payment of trade payables in the ordinary course of the Company's business and prior practices), (b) for the redemption of any Common Stock or Common Stock Equivalents, (c) for the settlement of any outstanding litigation or (d) in violation of FCPA or OFAC regulations. Certain purchase funds may, in Purchaser's reasonable discretion, be placed in escrow with an escrow agent selected by Purchaser in order to facilitate direct payments consistent with Schedule 4.9 to creditors and suppliers of the Company.

4.10 Indemnification of Purchaser. The Company and Company Representatives shall jointly and severally indemnify and hold Purchaser and its directors, officers, shareholders, members, partners, employees and agents (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title), each Person who controls Purchaser (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, shareholders, agents, members, partners or employees (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title) of such controlling persons (collectively, the "Purchaser Parties", and each, a "Purchaser Party") harmless from any and all losses, liabilities, obligations, claims, contingencies, damages, costs and expenses, including all judgments, amounts paid in settlements, court costs and reasonable attorneys' fees and costs of investigation that such Purchaser Party may suffer or incur as a result of or relating to (a) any misrepresentation or any breach of any of the representations, warranties, covenants or agreements made by the Company or any Company Representative in this Agreement or in the other Transaction Documents or (b) any action instituted against the Purchaser Parties in any capacity, or any of them or their respective Affiliates, with respect to any of the transactions contemplated by this Agreement or any of the Transaction Documents. If any action shall be brought against any Purchaser Party in respect of which indemnity may be sought pursuant to this Agreement, such Purchaser Party shall promptly notify the Company in writing, and the Company shall have the right to assume the defense thereof with counsel of its own choosing reasonably acceptable to the Purchaser Party. Any Purchaser Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Purchaser Party except to the extent that (i) the employment thereof has been specifically authorized by the Company in writing, (ii)

. the Company has failed after a reasonable period of time to assume such defense and to employ counsel or (iii) in such action there is, in the reasonable opinion of counsel, a material conflict on any material issue between the position of the Company and the position of such Purchaser Party, in which case the Company shall be responsible for the reasonable fees and expenses of no more than one such separate counsel. The Company will not be liable to any Purchaser Party under this Agreement (y) for any settlement by Purchaser Party effected without the Company's prior written consent, which shall not be unreasonably withheld or delayed; or (z) to the extent, but only to the extent that a loss, claim, damage or liability is attributable to any Purchaser Party's breach of any of the representations, warranties, covenants or agreements made by such Purchaser Party in this Agreement or in the other Transaction Documents. The indemnification required by this Section 4.10 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or are incurred. The indemnity agreements contained herein shall be in addition to any cause of action or similar right of any Purchaser Party against the Company or others and any liabilities the Company may be subject to pursuant to law. Notwithstanding anything stated to the contrary (including, without limitation, any indemnification agreement, instrument or document), the Company and Company Representatives represent, warrant and covenant with Purchaser that no Company Representative shall be held harmless or indemnified by the Company with respect to any representation or warranty made by any Company Representative under this Agreement; it being expressly agreed by the Company and Company Representatives that a Purchaser Party shall have the right, at such Purchaser Party's sole discretion, to seek indemnification and/or recourse directly against any or all Company Representatives without undertaking the same against the Company.

4.11 Reservation and Listing of Securities.

The Company shall maintain a reserve from its duly authorized shares of Common Stock for issuance pursuant to the Transaction Documents in such amount as may then be required to fulfill its obligations to the maximum extent possible under the Transaction Documents; provided,:

(a) If, on any date, the number of authorized but unissued (and otherwise unreserved) shares of Common Stock is less than (i) the Required Minimum on such date, minus (ii) the number of shares of Common Stock previously issued pursuant to the Transaction Documents, then the Board of Directors shall use commercially reasonable efforts to amend the Company's certificate or articles of incorporation to increase the number of authorized but unissued shares of Common Stock to at least the Required Minimum at such time (minus the number of shares of Common Stock previously issued pursuant to the Transaction Documents), as soon as possible and in any event not later than the 30th day after such date.

(b) The Company shall, if applicable: (i) in the time and manner required by the principal Trading Market, prepare and file with such Trading Market an additional shares listing application covering a number of shares of Common Stock at least equal to the Required Minimum on the date of such application, (ii) take all steps necessary to cause such shares of Common Stock to be approved for listing or quotation on such Trading Market as soon as possible thereafter, (iii) provide to the Purchaser evidence of such listing or quotation and (iv) maintain the listing or quotation of such Common Stock

on any date at least equal to the Required Minimum on such date on such Trading Market or another Trading Market.

4.12 [Intentionally Deleted]

4.13 Subsequent Equity Sales.

From the date hereof, neither the Company nor any Subsidiary shall issue, enter into any agreement to issue or announce the issuance or proposed issuance of any shares of Common Stock or Common Stock Equivalents except as expressly provided in this Agreement.

4.14 Investigation by Purchaser. From the date of this Agreement and through the First Closing Date, the Purchaser shall, through its authorized officers, employees, agents and representatives (including, without limitation, its counsel and accountants), have reasonable access during normal business hours to all premises and personnel of the Company and its businesses and shall be entitled to make such reasonable investigation of the properties, business and operations of the Company and its Subsidiaries and such examination of the books, records and financial condition of the Company and its Subsidiaries as they request and to make extracts and copies to the extent necessary of such books and records; provided that investigation pursuant to this Section 4.14 shall not affect any representations or warranties made by the Company and Company Representatives herein or the conditions to the obligations of the respective parties to consummate the transactions contemplated by this Agreement.

4.15 Certain Transactions. The Company expressly acknowledges and agrees that (i) Purchaser makes no representation, warranty or covenant hereby that it will not engage in effecting transactions in any securities of the Company after the time that the transactions contemplated by this Agreement are first publicly announced pursuant to the initial press release as described in Section 4.6, and (ii) Purchaser shall not be restricted or prohibited from effecting any transactions in any securities of the Company in accordance with applicable securities laws from and after the time that the transactions contemplated by this Agreement are first publicly announced pursuant to the initial press release as described in Section 4.6.

4.16 Blue Sky Filings. The Company shall take such action as the Company shall reasonably determine is necessary in order to obtain an exemption for, or to qualify the Securities for, sale to the Purchaser at the Closing under applicable securities or "Blue Sky" laws of the states of the United States, and shall provide evidence of such actions promptly upon request of Purchaser.

4.17 No Capital Changes; Sale; Merger. The Company shall not sell all or substantially all of its assets or undertake a business combination, merger, a reverse or forward stock split or reclassification of the Common Stock without the prior written consent of the Purchaser, which consent may be withheld, conditioned or delayed at Purchaser's sole and absolute discretion.

4.18 Employment; Personnel. After the Closing, Purchaser shall have the right at its sole discretion to establish the terms of the Company's and its Subsidiaries' employees (the "Employees") and consultants, and Purchaser shall not be obligated to employ the Employees on the same terms and conditions (including without limitation compensation, salary, employee

benefits, job responsibility and descriptions, location, seniority and deemed length of service) as those provided to such Employees by the Company or its Subsidiary on the day immediately preceding the First Closing Date.

4.19 Change of Board Composition. The Company and Company Representatives agree that, simultaneous with the First Closing, Purchaser shall have the right to appoint its designees as members of the Board of Directors (constituting at a minimum the majority of the Board of Directors) and remove current members of the Board of Directors, at Purchaser's sole and absolute discretion. Prior to the First Closing, the Company and Company Representatives shall obtain the necessary and required directors' consent to appoint the Purchaser's designees as the sole members of the Board of Directors simultaneously with the consummation of the First Closing (the "Board of Directors Appointment"). The provisions of this Section 4.19 shall survive the First Closing.

4.20 Business Plan. The Company and Company Representatives agree that, prior to the First Closing, the Company, the Company Representatives and Purchaser shall cooperate and develop a business plan for the Company that is subject to Purchaser's approval, which approval may be withheld or conditioned at Purchaser's sole and absolute discretion (the "Approved Business Plan").

4.21 SEC Judgment. The Company and Company Representatives acknowledge that a Final Judgment of Permanent Injunction and Other Relief Against Defendant Imaging Diagnostic Systems, Inc. was entered on March 17, 2014 in the United States District Court, Southern District of Florida, (Case Styled Securities and Exchange Commission v. Imaging Diagnostic Systems, Inc., Linda Grable and Allan Schwartz; Case No. 13-62025-CIV-Rosenbaum/Hunt) (the "SEC Judgment"). The Company and Company Representatives represent and warrant to Purchaser that since March 17, 2014, and as of the date hereof, the Company and all defendants named in the SEC Judgment have timely and strictly complied with, and performed, all requirements and obligations contained in the SEC Judgment. Further, the Company and Company Representatives agree and warrant to Purchaser that the Company and the defendants shall at all times on the date hereof and after the date of this Agreement timely and strictly comply with, and perform, all requirements and obligations contained in the SEC Judgment.

4.22 Acquisition Proposals. The Company shall not, and the Company and Company Representatives shall cause the Company and its Subsidiaries not to, directly or indirectly, through any officer, director, agent, representative (including, without limitation, investment bankers, attorneys and accountants) or otherwise, (i) solicit, initiate or encourage submission of inquiries, proposals or offers from any Person or group other than Purchaser (a "Third Party"), relating to any acquisition or purchase of all or a portion of the Securities, or any equity interest in, the Company or its Subsidiaries; or (ii) participate in any discussions or negotiations regarding, or furnish to any Third Party any information with respect to, or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any Third Party to do or seek any of the foregoing. The Company and Company Representatives shall promptly notify Purchaser if any such proposal or offer, or any inquiry or contact with any Third Party with respect thereto, is made, and shall in any such notice set forth in reasonable

detail the identity of the Third Party and the terms and conditions of such inquiry, proposal or offer.

ARTICLE V.
MISCELLANEOUS

5.1 Termination. This Agreement may be terminated by either party or the Company by written notice to the other, if the First Closing has not been consummated on or before July 31, 2014; provided, however, that such termination will not affect the right of any party to sue for any breach by any other party (or parties). Notwithstanding the foregoing, in the event that this Agreement is terminated due to Purchaser's breach for failure to timely consummate the First Closing or any other Closing, the Company's sole remedy shall be to retain Purchaser's Deposit as liquidated damages. In the event of termination for any reason other than a breach by Purchaser (including, without limitation, any misrepresentation or breach of warranty or covenant under this Agreement by the Company or any Company Representative), the Deposit shall be immediately refunded to Purchaser.

5.2 Fees and Expenses. The Company shall deliver to Purchaser, prior to the Closing, a completed and executed copy of the Closing Statement, attached hereto as Annex A. Except as expressly set forth in the Transaction Documents to the contrary, each party shall pay the fees and expenses of its advisers, counsel, accountants and other experts, if any, and all other expenses incurred by such party incident to the negotiation, preparation, execution, delivery and performance of this Agreement. The Company shall pay all Transfer Agent fees (including, without limitation, any fees required for same-day processing of any instruction letter delivered by the Company and any conversion delivered by Purchaser), stamp taxes and other taxes and duties levied in connection with the delivery of any Securities to the Purchaser. All costs and expenses of the Company shall be subject to Purchaser's prior written approval, which approval may be withheld at Purchaser's sole and absolute discretion.

5.3 Entire Agreement. The Transaction Documents, together with the exhibits and schedules thereto, contain the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits and schedules.

5.4 Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of: (a) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth on the signature pages attached hereto at or prior to 5:30 p.m. (New York City time) on a Trading Day, (b) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth on the signature pages attached hereto on a day that is not a Trading Day or later than 5:30 p.m. (New York City time) on any Trading Day, (c) the second Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service or (d) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as set forth on the signature pages attached hereto.

5.5 Amendments; Waivers. No provision of this Agreement may be waived, modified, supplemented or amended except in a written instrument signed, in the case of an amendment, by the Company and the Purchaser or, in the case of a waiver, by the party against whom enforcement of any such waived provision is sought. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right.

5.6 Headings. The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

5.7 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The Company and Company Representatives may not assign this Agreement or any rights or obligations hereunder without the prior written consent of Purchaser. Purchaser may assign any or all of its rights under this Agreement to any Person to whom Purchaser assigns or transfers any Securities, provided that (i) such transferee is an "accredited investor" as defined under the Securities Act and (ii) such transferee agrees in writing to be bound, with respect to the transferred Securities, by the provisions of the Transaction Documents that apply to the "Purchaser."

5.8 No Third-Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, except as otherwise set forth in Section 4.10 and this Section 5.8.

5.9 Governing Law. All questions concerning the construction, validity, enforcement and interpretation of the Transaction Documents shall be governed by and construed and enforced in accordance with the internal laws of the State of Florida, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement and any other Transaction Documents (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, partners, members, employees or agents) shall be commenced exclusively in the state and federal courts sitting in Broward County, State of Florida. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the Broward County, State of Florida for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is improper or is an inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. If either party shall commence an action, suit or proceeding to

enforce any provisions of the Transaction Documents, then, in addition to the obligations of the Company under Section 4.10, the prevailing party in such action, suit or proceeding shall be reimbursed by the other party for its reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding.

5.10 Survival. The representations and warranties of the Company and Company Representatives contained herein shall survive the Closing(s) and the delivery of the Securities.

5.11 Execution. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to each other party, it being understood that the parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

5.12 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

5.13 Rescission and Withdrawal Right. Notwithstanding anything to the contrary contained in (and without limiting any similar provisions of) any of the other Transaction Documents, whenever Purchaser exercises a right, election, demand or option under a Transaction Document and the Company does not timely perform its related obligations within the periods therein provided, then Purchaser may rescind or withdraw, in its sole discretion from time to time upon written notice to the Company, any relevant notice, demand or election in whole or in part without prejudice to its future actions and rights; provided, however, that in the case of a rescission of a conversion of the Preferred Stock, the Purchaser shall be required to return any shares of Common Stock subject to any such rescinded conversion concurrently with the return to Purchaser of the aggregate exercise price paid to the Company for such shares.

5.14 Replacement of Securities. If any certificate or instrument evidencing any Securities is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof (in the case of mutilation), or in lieu of and substitution therefor, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction. The applicant for a new certificate or instrument under such circumstances shall also pay any reasonable third-party costs (including customary indemnity) associated with the issuance of such replacement Securities.

5.15 Remedies. In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, the Purchaser and the Company will be entitled to specific performance under the Transaction Documents. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations contained in the Transaction Documents and hereby agree to waive and not to assert in any action for specific performance of any such obligation the defense that a remedy at law would be adequate.

5.16 Payment Set Aside. To the extent that the Company makes a payment or payments to Purchaser pursuant to any Transaction Document or Purchaser enforces or exercises its rights thereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by or are required to be refunded, repaid or otherwise restored to the Company, a trustee, receiver or any other Person under any law (including, without limitation, any bankruptcy law, state or federal law, common law or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

5.17 Usury. To the extent it may lawfully do so, the Company hereby agrees not to insist upon or plead or in any manner whatsoever claim, and will resist any and all efforts to be compelled to take the benefit or advantage of, usury laws wherever enacted, now or at any time hereafter in force, in connection with any claim, action or proceeding that may be brought by Purchaser in order to enforce any right or remedy under any Transaction Document. Notwithstanding any provision to the contrary contained in any Transaction Document, it is expressly agreed and provided that the total liability of the Company under the Transaction Documents for payments in the nature of interest shall not exceed the maximum lawful rate authorized under applicable law (the "Maximum Rate"), and, without limiting the foregoing, in no event shall any rate of interest or default interest, or both of them, when aggregated with any other sums in the nature of interest that the Company may be obligated to pay under the Transaction Documents exceed such Maximum Rate. It is agreed that if the maximum contract rate of interest allowed by law and applicable to the Transaction Documents is increased or decreased by statute or any official governmental action subsequent to the date hereof, the new maximum contract rate of interest allowed by law will be the Maximum Rate applicable to the Transaction Documents from the effective date thereof forward, unless such application is precluded by applicable law. If under any circumstances whatsoever, interest in excess of the Maximum Rate is paid by the Company to Purchaser with respect to indebtedness evidenced by the Transaction Documents, such excess shall be applied by Purchaser to the unpaid principal balance of any such indebtedness or be refunded to the Company, the manner of handling such excess to be at Purchaser's election.

5.18 [Intentionally Deleted]

5.19 Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding Business Day.

5.20 Construction. The parties agree that each of them and/or their respective counsel have reviewed and had an opportunity to revise the Transaction Documents and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of the Transaction Documents or any amendments thereto. In addition, each and every reference to share prices and shares of Common Stock in any Transaction Document shall be subject to adjustment for reverse and forward stock splits, stock dividends, stock combinations and other similar transactions of the Common Stock that occur after the date of this Agreement.

5.21 Exculpation of Purchaser. Notwithstanding anything to the contrary contained herein, the Purchaser's Affiliates, partners, the partners or members of such partners, the shareholders of such partners or members, and the trustees, officers, directors, employees, agents and security holders of the Purchaser and the partners or stockholders of the Purchaser assume no personal liability for any obligations entered into on behalf of the Purchaser and its individual assets shall not be subject to any claims of any person relating to such obligations. The provisions of this Section 5.21 shall survive each Closing and any termination of this Agreement.

5.22 **WAIVER OF JURY TRIAL. IN ANY ACTION, SUIT, OR PROCEEDING IN ANY JURISDICTION BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY, THE PARTIES EACH KNOWINGLY AND INTENTIONALLY, TO THE GREATEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY AND EXPRESSLY WAIVES FOREVER TRIAL BY JURY.**

5.23 Drafting. The parties hereto acknowledge and confirm that each of their respective attorneys has participated jointly in the review and revision of this Agreement and that it has not been written solely by counsel for one party. The parties hereto therefore stipulate and agree that the rule of construction to the effect that any ambiguities are to be or may be resolved against the drafting party shall not be employed in the interpretation of this Agreement to favor any party against another.

IN WITNESS WHEREOF, the parties hereto have executed, or as the case may be, have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

THE COMPANY:

IMAGING DIAGNOSTIC SYSTEMS, INC., A FLORIDA CORPORATION

Address for Notice:

1291-B NW 65TH PLACE
FORT LAUDERDALE, FL 33309

By: Richard J. Gumble II 6/27/2014
Name: Richard J. Gumble II
Title: President

Fax: 954-979-2420

With a copy to (which shall not constitute notice):

Carlton Fields Jorden Burt P.A.
4200 International Place
100 SE 2nd Street
Miami, FL 33131
Attention: Robert B. Macaulay, Esq.
Telephone:

PURCHASER:

VIABLE INTERNATIONAL INVESTMENTS, LLC, A FLORIDA LIMITED LIABILITY COMPANY

Address for Notice:

1221 E. ROBINSON STREET
ORLANDO, FL 32801

By: X 6/27/2014
Name: LiXin Yang
Title: Manager

Fax: 407-706-1378

With a copy to (which shall not constitute notice):

Robert Q. Lee, Esq.
Foley & Lardner LLP
111 North Orange Avenue, Suite 1800
Orlando, Florida 32801
Telephone: 407-423-7656
Fax: 407-648-1743

COMPANY REPRESENTATIVES:

Address for Notice:

1291-B NW 65TH PLACE
FORT LAUDERDALE, FL 33309

Fax: 954-979-2420

Allan L. Schwartz, Individually

With a copy to (which shall not constitute notice):

Carlton Fields Jorden Burt P.A.
4200 International Place
100 SE 2nd Street
Miami, FL 33131
Attention: Robert B. Macaulay, Esq.
Telephone:

Address for Notice:

1291-B NW 65TH PLACE
FORT LAUDERDALE, FL 33309

Fax: 954-979-2420

Linda B. Grable, Individually

With a copy to (which shall not constitute notice):

Carlton Fields Jorden Burt P.A.
4200 International Place
100 SE 2nd Street
Miami, FL 33131
Attention: Robert B. Macaulay, Esq.
Telephone:

Address for Notice:

1291-B NW 65TH PLACE
FORT LAUDERDALE, FL 33309

Fax:

6/27/2014

Richard J. Grable II, Individually

With a copy to (which shall not constitute notice):

Carlton Fields Jorden Burt P.A.
4200 International Place
100 SE 2nd Street
Miami, FL 33131
Attention: Robert B. Macaulay, Esq.
Telephone:

SECURITIES PURCHASE AGREEMENT
INDEX AND SCHEDULES

1. Annexes

Annex A	Closing Statement

2. Schedules

Schedule A-1	Complete List of Officers, Directors, Etc.
Schedule A-2	Complete List of All Holders of Warrants and Options
Schedule 3.1(a)	Subsidiaries
Schedule 3.1(g)	Capitalization of the Company
Schedule 3.1(i)	Material Changes, Undisclosed Events, Liabilities or Developments
Schedule 3.1(j)	Litigation
Schedule 3.1(l)	Compliance
Schedule 3.1(n)	List of Assets
Schedule 3.1(o)	Complete List of Intellectual Property Rights
Schedule 3.1(aa)	Outstanding Secured and Unsecured Indebtedness
Schedule 3.1(ee)	Accountants
Schedule 3.1(ff)	Senior Indebtedness
Schedule 3.1(jj)	Regulation M Compliance
Schedule 3.1(ll)	Stock Option Plans
Schedule 3.1(qq)	Contracts
Schedule 3.1(uu)	Warranty and Related Matters (Company Products)
Schedule 4.9	Use of Proceeds

3. Exhibits

Exhibit A	Certificate of Designation
Exhibit B	Legal Opinion of Counsel

Annex A

CLOSING STATEMENT

Pursuant to the attached Securities Purchase Agreement, dated as of the date hereto, the Purchaser shall purchase $_____ of Preferred Stock from Imaging Diagnostic Systems Inc., a Florida corporation (the "Company"). All funds will be wired into an account maintained by the Company. All funds will be disbursed in accordance with this Closing Statement.

Disbursement Date: _____, 2014

I. PURCHASE PRICE

Gross Proceeds to be Received	$

II. DISBURSEMENTS

	$
	$
	$
	$
	$
Total Amount Disbursed:	$

WIRE INSTRUCTIONS:

To: _____

To: _____

SCHEDULE A-1
COMPLETE LIST OF OFFICERS AND DIRECTORS

Richard J. Grable II, President, Director

Deborah Syke, Senior Vice President

Elizabeth Shotmeyer, Director

SCHEDULE A-1 (3.1g)
MANAGEMENT SHARES

Security Ownership of Certain Beneficial Owners and Management		
Schedule A-1 (3.1 g)		
Date: May 27, 2014		
Shares Outstanding	9,818,848,208	
Stock Price	$ 0.0001	
Total Market Value	$ 981,884.82	
Name and Address of Beneficial Owner	# of Shares Owned Beneficially	
Linda B. Grable (1)	320,872,675	
Allan L. Schwartz (1)	760,293	
Deborah Syke (2)	3,220	
Elizabeth J. Shotmeyer (3)	100,266,000	
Michael Addley (4)	121,395,200	
Richard J. Grable II (5)	0	
Affiliate Total Shares	421,902,188	
Affiliate Market Value	$ 42,190.22	
Non-Affiliate Total Shares	9,396,946,020	
Non-Affiliate Market Value	$ 939,694.60	
Notes:		
(1) Linda B. Grable & Allan L. Schwartz resigned their positions as officers and directors of the Company effective March 17, 2014. Ms. Grable and Mr. Schwartz will become non-affiliates 90 days from the effective date of their resignations, June 15, 2014.		
(2) Deborah Syke was formerly Deborah O'Brien.		
(3) Elizabeth J. Shotmeyer is the sole independent director of the Company.		
(4) Michael Addley was formerly the COO of the Company. His employment agreement expired December 31, 2013 and was not renewed.		
(5) Richard J. Grable II, the Company's former Director of Marketing, was appointed President on March 17, 2014		
(6) There are no holders of 5% or more of the Company's Common Stock		

Imaging Diagnostic Systems, Inc.

Schedule A-1 (3.1 g)

Security Ownership of Certain Beneficial Owners and Management

Date: May 27, 2014

Shares Outstanding 9,818,848,298

Name and Address of Beneficial Owner	# of Shares Owned Beneficially	# of Options Currently Vested	# of Options Unvested	Total # of All Options	Total with Vested Options	% of Outstanding Shares of Common Stock without Vested Options	% of Outstanding Shares of Common Stock with Vested Options
Linda B. Grable (1) 1291-B NW 65th Place Ft. Lauderdale, FL 33309	320,872,675	20,000	-	20,000	320,892,675	3.27%	3.27%
Allan L. Schwartz (1) 1291-B NW 65th Place Ft. Lauderdale, FL 33309	760,293	21,200	-	21,200	781,493	0.01%	0.01%
Deborah Syke (2) 1291-B NW 65th Place Ft. Lauderdale, FL 33309	3,220	13,604	-	13,604	16,824	0.00%	0.00%
Elizabeth J. Shotmeyer (3) [redacted]	100,266,000	-	-	-	100,266,000	1.02%	1.02%
Michael Addley (4) 1291-B NW 65th Place Ft. Lauderdale, FL 33309	121,395,200	20,000	-	20,000	121,415,200	1.24%	1.24%
Richard J. Grable II (5) 1291-B NW 65th Place Ft. Lauderdale, FL 33309	-	10,400	-	10,400	10,400	0.00%	0.00%
Total	543,297,388	85,204	-	85,204	543,382,592	5.53%	5.53%

Notes:

(1) Linda B. Grable & Allan L. Schwartz resigned their positions as officers and directors of the Company effective March 17, 2014. Ms. Grable and Mr. Schwartz will become non-affiliates 90 days from the effective date of their resignations, June 15, 2014.

(2) Deborah Syke was formerly Deborah O'Brien.

(3) Elizabeth J. Shotmeyer is the sole independent director of the Company.

(4) Michael Addley was formerly the COO of the Company. His employment agreement expired December 31, 2013 and was not renewed. Mr. Addley is a non-affiliate person.

(5) Richard J. Grable II, the Company's former Director of Marketing, was appointed President on March 17, 2014

(6) There are no holders of 5% or more of the Company's Common Stock

Imaging Diagnostic Systems, Inc.

Schedule A-1 (3.1 g)

Share Ownership by Principal Stockholders & Management

Date: May 27, 2014

Shares Outstanding 9,818,848,208

Name and Address of Beneficial Owner	# of Shares Owned Beneficially	# of Options Currently Vested	# of Options Unvested	Total # of All Options	Total with Vested Options	% of Outstanding Shares of Common Stock without Vested Options	% of Outstanding Shares of Common Stock with Vested Options
Linda B. Grable (1) 1291-B NW 65th Place Ft. Lauderdale, FL 33309	320,872,675	20,000	-	20,000	320,892,675	3.27%	3.27%
Allan L. Schwartz (1) 1291-B NW 65th Place Ft. Lauderdale, FL 33309	760,293	21,200	-	21,200	781,493	0.01%	0.01%
Deborah Syke (2) 1291-B NW 65th Place Ft. Lauderdale, FL 33309	3,220	13,604	-	13,604	16,824	0.00%	0.00%
Elizabeth J. Shotmeyer (3) [redacted]	100,266,000	-	-	-	100,266,000	1.02%	1.02%
Richard J. Grable II (4) 1291-B NW 65th Place Ft. Lauderdale, FL 33309	-	10,400	-	10,400	10,400	0.00%	0.00%
Total	421,902,188	65,204	-	65,204	421,967,392	4.30%	4.30%

Notes:

(1) Linda B. Grable & Allan L. Schwartz resigned their positions as officers and directors of the Company effective March 17, 2014.
Ms. Grable and Mr. Schwartz will become non-affiliates 90 days from the effective date of their resignations, June 15, 2014.

(2) Deborah Syke was formerly Deborah O'Brien.

(3) Elizabeth J. Shotmeyer is the sole independent director of the Company.

(4) Richard J. Grable II, the Company's former Director of Marketing, was appointed President on March 17, 2014

SCHEDULE A-2

COMPLETE LIST OF ALL HOLDERS

The holders of IMDS stock are in two categories: registered holders and NOBO and OBO holders, which stock is held in "Street Name" by their respective brokers. The registered holder list is available for nominal purchase from the Company's transfer agent, Jersey Stock Transfer, LLC, and the NOBO list is available for purchase from Broadridge Shareholder Communications.

There are approximately 27,680 NOBO shareholders and the cost to obtain the list is approximately $4,600 and will be provided on a CD-ROM.

SCHEDULE 3.1(a)
SUBSIDIARIES

NONE

SCHEDULE 3.1(g) CAPITALIZATION-DILUTION % OWNERSHIP REV 5-27-14

Imaging Diagnostic Systems, Inc.			
Schedule 3 (b) Capitalization/Dilution Table			
Confidential Information			
Rev May 27, 2014			
		Stock Price	Investment of
Shares Authorized (1)	25,000,000,000	$ 0.0001	$6 million at $0.00007
			will yield common
		Market Cap	shares totaling
Shares Issued and Outstanding on Cap. Report less shares reserved (2)	9,818,843,208	$ 981,886	85,714,286,714
(Cap Report 13,260,076,722- Transfer agent reserved 3,331,223,514)			
Authorized Shares Remaining	15,181,161,792		% Ownership After
			Investment
			89.72%
Potential New Share Issuances			
Shares Reserved for stock options (3)	165,476		
			Investment of
Shares Reserved for Series L Cv. Pfd. Stock (20 Pfd) (3)	13,176		$ 857,660
			at
Additional Shares Reserved for Series L Cv. Pfd. Stock (20 Pfd) (3)	13,491		$ 0.00007
			will yield common
Total Shares reserved for options and Series L conversion - book reserved	192,141		shares totaling
		Reserved	8,321,423,571
Shares reserved for Redwood Management Short-Term Notes (4)		316,223,514	
Shares reserved for Asher Enterprises Short-Term Notes (4)		2,371,000,000	% Ownership After
Shares reserved for Tangiers Investment Group Short-Term Notes (4)		200,000,000	Investment
			68.61%
Total Reserved Shares held at Jersey Stock Transfer LLC (4)		3,331,223,514	
If all Convertible Debt was converted at hypothetical $0.0000 6 as of 6/31/14 (5)	24,167,330,000		
Issued and Outstanding after all Issuances	44,318,516,348		
Authorized Shares Remaining (Fully Diluted) (6)	(24,318,516,348)		
THE CAPITALIZATION/DILUTION TABLE MUST BE READ IN CONJUNCTION WITH THE FOLLOW DOCUMENTS OR SCHEDULES:			
JERSEY STOCK TRANSFER CAPITALIZATION REPORT DATED 4/16/2014			
ID # LOAN PAYABLE SCHEDULE 6-31-14 FINAL			
NOTES:			
(1) Jersey Stock Transfer Capitalization Report dated 4/16/2014			
(2) Total I.S. O from Cap Report Page 27 dated 4/16/2014 less shares reserved by Jersey Stock Transfer of 3,331,223, 514			
(3) After 1:500 reverse split 192,140 shares book reserved at value of $.0001 per share. Total value of $13.21 is De minimus			
(4) Reserved shares are issued with restricted legend and held by Jersey Stock Transfer and deemed not outstanding			
(5) A share price of $.0006 was used to calculate the total potential issuance of shares for all convertible debt of $1,760, 384 as of 6/31/14			
Please refer to ID # Loan Payable Schedule 6-31-14 Final, Tab #2, 6-31-14 All Loans Worksheet, Cell D 1350			
(6) The Company does not have sufficient authorized shares to fully convert all of the outstanding convertible debt			

Imaging Diagnostic Systems, Inc.

Schedule 3 (b) Capitalization/Dilution Table

Confidential Information

Rev. June 26, 2014

		Stock Price	Investment of
Shares Authorized (1)	20,000,000,000	$ 0.0001	$6 million at $0.00007
			will yield common
		Market Cap.	shares totaling
Shares Issued and Outstanding on Cap. Report less shares reserved (2)	9,818,848,208	$ 981,885	85,714,285,714
(Cap Report 13,200,076,722- Transfer agent reserved 3,381,228,514)			
Authorized Shares Remaining	10,181,151,792		% Ownership After
			Investment
			89.72%
Potential New Share Issuances			
Shares Reserved for stock options (3)	155,475		
			Investment of
Shares Reserved for Series L Cv. Pfd. Stock (20 Pfd) (3)	13,175		$ 2,500,000
			at
Additional Shares Reserved for Series L Cv. Pfd. Stock (20 Pfd) (3)	13,491		$ 0.00007
			will yield common
Total Shares reserved for options and Series L conversion - book reserved	182,141		shares totaling
		Reserved	35,714,285,714
Shares reserved for Redwood Management Short-Term Notes (4)		310,228,514	
Shares reserved for Asher Enterprises Short-Term Notes (4)		2,871,000,000	% Ownership After
Shares reserved for Tangiers Investment Group Short-Term Notes (4)		200,000,000	Investment
			78.44%
Total Reserved Shares held at Jersey Stock Transfer LLC (4)		3,381,228,514	
If all Convertible Debt was converted at hypothetical $0.00005 as of 5/31/14 (5)	34,197,880,000		
Issued and Outstanding after all issuances	44,016,910,349		
Authorized Shares Remaining (Fully Diluted) (6)	(24,016,910,349)		

THIS CAPITALIZATION/DILUTION TABLE MUST BE READ IN CONJUNCTION WITH THE FOLLOW DOCUMENTS OR SCHEDULES:

JERSEY STOCK TRANSFER CAPITALIZATION REPORT DATED 6/26/2014

IDSI LOAN PAYABLE SCHEDULE 5-31-14 FINAL

NOTES:

(1) Jersey Stock Transfer Capitalization Report dated 4/16/2014

(2) Total I & O from Cap Report Page 27 dated 4/16/2014 less shares reserved by Jersey Stock Transfer of 3,381,228, 514

(3) After 1:500 reverse split 182,140 shares book reserved at value of $.0001 per share. Total value of $18.21 is De minimus

(4) Reserved shares are issued with restricted legend and held by Jersey Stock Transfer and deemed not outstanding

(5) A share price of $.00005 was used to calculate the total potential issuance of shares for all convertible debt of $1,709,894 as of 5/31/14
Please refer to IDSI Loan Payable Schedule 5-31-14 Final, Tab #2, 5-31-14 All Loans Worksheet, Cell D 1396

(6) The Company does not have sufficent authorized shares to fully convert all of the outstanding convertible debt

Capitalization Report

82 Imaging Diagnostic Systems, Inc

Authorized: 20000,000,000

			Changes		Capitalization		
ShareHolder	Date	Description	Free	Legend	Free	Legend	Total
SGI Group, LLC	02/27/2014	Issue Per O/S Attorney Letter Dtd 2/13/2014 -T4	274,988,800	0	6,283,667,715	4,324,492,573	10,608,160,288
Imaging Diagnostic-Tanglers 4	03/05/2014	Issue to Reserve Per Company Letter-T4533	0	21,052,632	6,283,667,715	4,345,545,205	10,629,212,920
Tanglers Investment Group LLC	03/06/2014	Transfer from Reserve 4 for $20,000 Conv Note	421,052,632	-421,052,632	6,704,720,347	3,924,492,573	10,629,212,920
112359 Factor Fund, LLC	03/13/2014	Issue Per O/S Attorney Letter Dtd 3/5/2014 -T45	540,000,000	0	7,244,720,347	3,924,492,573	11,169,212,920
Black Arch Opportunity Fund LP	03/13/2014	Issue Per O/S Attorney Letter Dtd 3/12/2014 -T4	146,856,202	0	7,391,576,549	3,924,492,573	11,316,069,122
SGI Group, LLC	03/17/2014	Issue Per O/S Attorney Letter Dtd 3/12/2014 -T4	448,530,400	0	7,840,106,949	3,924,492,573	11,764,599,522
SGI Group, LLC	03/24/2014	Issue Per O/S Attorney Letter Dtd 3/20/2014 -T4	449,143,600	0	8,289,250,549	3,924,492,573	12,213,743,122
Levin Consulting Group, LLC	03/31/2014	Issue Per O/S Attorney Letter Dtd 3/20/2014 -T4	175,665,000	0	8,464,915,549	3,924,492,573	12,389,408,122
Levin Consulting Group, LLC	03/31/2014	Issue Per O/S Attorney Letter Dtd 3/20/2014 -T4	810,668,600	0	9,275,584,149	3,924,492,573	13,200,076,722

SCHEDULE 3.1(i)
MATERIAL CHANGES; UNDISCLOSED EVENTS

The Company has suffered massive operating losses and increased debt since June 30, 2012, which have resulted in Material Adverse Effects on the Company. See Schedule 3.1(aa) re Indebtedness.

There exist no undisclosed events.

SCHEDULE 3.1(j)

PENDING LITIGATION

(j) Litigation.

The Company has been served with a lawsuit seeking damages in the amount of $714,063 initiated by York Huang, a holder of convertible promissory notes which are in default. Mr. Huang sold some of his promissory notes to third-party investors who converted the notes and sold the common shares into the market. Mr. Huang is represented by Thomas R. Ray, Esq. of the law firm Holbrook, Akel, Cold, Stiefel & Ray P.A. in Jacksonville, FL.

The Company has received a draft Summons and Complaint filed by West Publishing Corporation d/b/a West, a Thomson Reuters Business in the amount of $23,106.94 for EDGAR filing services and software. Thomson Reuters is represented by Michael Etmund, Esq. of Moss & Barnett, P.A.

We engaged Attorney Greg Medalie of Fort Lauderdale to respond to threatened litigation by Fort Lauderdale Business Plaza, the owner of our previous leased facility. We owed $82,029.37 in rent and our lease was expiring in September 2013. The leased premises had two defective roof top air conditioners and it was unbearable to work in the front half of the building. The landlord refused to fix the air conditioning units and we did not renew the lease. Our counsel, Mr. Medalie prepared a settlement agreement for $29,000 to be paid in installments but the landlord has not responded. The matter is still pending.

In the matter of Securities and Exchange Commission (SEC) v. Imaging Diagnostic Systems, Inc. Linda B. Grable and Allan L. Schwartz, Case No. 13-CV-62025-Rosenbaum/Hunt, the Company settled this case on January 6, 2014 pending acceptance of the settlement by the Commissioners of the SEC. There were no civil penalties assessed against the Company. Ms. Grable and Mr. Schwartz each agreed to a civil penalty of $150,000. Final Judgments were entered pursuant to the settlement agreement on March 17, 2014.

The SEC instituted an administrative proceeding on May 8, 2014 regarding the Company's failure to file its Form 10-K for fiscal year June 30, 2013 and its three most recent quarterly reports on Form 10-Q. In this proceeding, the SEC seeks deregistration or suspension under the Securities Act of 1934.

SCHEDULE 3.1(l)

COMPLIANCE

The Company is in default of its Installment Payment Plan with the IRS for payroll taxes. The total amount due for 941 and 940 payroll taxes, interest and penalties is $1,574,092.82. The Company has engaged Attorney Ira Zuckerman of Zuckerman and Mata, LLC of Hollywood, FL to represent the Company in this matter.

The Company is in default of all of its Convertible Promissory Notes in the total amount of $1,707,894 as of May 31, 2014 (Principal, Interest and premium) held by 21 individuals or entities.

SCHEDULE 3.1 (n)

TITLE TO ASSETS

The Company discontinued maintaining an asset register when substantially all of its property and equipment became fully depreciated. The Company reported total property and equipment of $126,202 in its balance sheet for the fiscal year ending June 30, 2013. This amount included CTLM® systems that were re-classed from inventory to clinical equipment. All new equipment purchased will be listed in an asset register and a depreciation workbook will be maintained.

The Company leases a Canon copier from Marlin Business Bank and leases a reverse osmosis water purification system from Time Payment Corp.

SCHEDULE 3.1 (o)

IDSI US INTL PATENTS AS OF 6-30-13

Imaging Diagnostic Systems, Inc.

U.S. Patents & Patents Pending

Rev. 6/30/13

Instructions for viewing patents:

First, go to www.uspto.gov
Next, on the left hand side just click on "Patents" and not the items on the drop down menu
Then, scroll down to Resources and click on "Search Patents"
Next, scroll down and under "Searching Full Text patents (Since 1976)"
click on "Patent Number Search" or use the following link:
http://patft.uspto.gov/netahtml/PTO/srchnum.htm
Last, enter the patent number with or without commas.

Patent #	For	Case #	Patent #	Patent Date	Patent Exp. Date
1	Diagnostic Tomographic Laser Imaging Apparatus (Electronics & Imaging)	6356	5,692,511	12/2/1997	6/7/2015
2	Diagnostic Tomographic Laser Imaging Apparatus (Patient Support Structure) In addition to above	6356-US	6,155,580	2/27/2001	7/31/2018
3	Diagnostic Tomographic Laser Imaging Apparatus	6356-US-1	6,662,042	12/9/2003	8/22/2020
4	Device for Determining the Contour of the Surface of an Object Being Scanned	6558-1	6,044,288	3/28/2000	11/6/2017
5	Device for Determining the Perimeter of the Surface of an Object Being Scanned and for Limiting Reflection from the Object Surface	6559-1	6,029,077	2/22/2000	11/6/2017
6	Detector Array with Variable Amplifiers for Use in a Laser Imaging Device	6572-1	6,150,649	11/21/2000	11/25/2017
7	Detector Array with Variable Amplifiers for Use in a Laser Imaging Device	6572-2	6,331,700	12/18/2001	11/15/2020
8	Detector Array for Use in a Laser Imaging Apparatus (Single Row of Detectors)	6573-1	6,100,520	8/8/2000	11/4/2017
9	Detector Array for Use in a Laser Imaging Apparatus (WideEye-2 or more rows of Detectors)	6573-2	6,211,512	4/3/2001	7/27/2020
10	Detector Array for Use in a Laser Imaging Apparatus (FleetEye)	6573-3	7,977,619	7/12/2011	3/26/2021
11	Method for Reconstructing the Image of an Object Scanned with a Laser Imaging Apparatus	6574-1	6,130,958	10/10/2000	11/28/2017
12	Laser Imaging Apparatus Using Biological Markers That Bind to Cancer Cells	6647	5,952,664	9/14/1999	1/16/2018
13	Laser Imaging Apparatus Using Biological Markers That Bind to Cancer Cells	6647-US	6,693,287	1/17/2004	10/1/2021
14	Time-Resolved Breast Imaging Device	6707	6,339,216	2/5/2002	11/25/2018
15	Multiple Wavelength Simultaneous Data Acquisition Device For Breast Imaging	6997	6,571,116	5/27/2003	5/9/2021
16	Multiple Wavelength Simultaneous Data Acquisition Device For Breast Imaging	6997-1	6,738,658	5/18/2004	4/16/2023
17	Method for Improving the Accuracy of Data Obtained in a Laser Imaging Apparatus	7205	6,681,130	1/20/2004	3/14/2022
18	Breast Positioning in a Laser	7258	7,253,851	7/14/2007	11/13/2022
19	Optical Computed Tomography Scanner for Small Laboratory Animals	7325	7,155,274	12/26/2006	11/21/2023
20	Optical Computed Tomography Scanner for Small Laboratory Animals	7325-1	7,212,848	5/1/2007	5/25/2024
21	Apparatus and Methods for Acquiring Time-Resolved Measurements Utilizing Direct Digitization of the	7368	7,446,875	11/4/2008	11/10/2025
22	Patient Positioning in a Laser Apparatus	7489	8,027,711	9/27/2007	9/27/2028

Patents Abandoned

	For	Case #	Patent #	Patent Date	
22	Phantom for Optical and Magnetic Resonance Imaging Quality Control	6648	6675035/Abandoned	1/6/2004	

Imaging Diagnostic Systems, Inc.

U.S. Patents & Patents Pending

Rev: June 30, 2013

PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
Yes	Diagnostic Tomographic Laser Imaging Apparatus	6356	08/484,904	6/7/1995	5,692,511	12/2/1997	R. Grable	Lic. To IDSI	6/7/2015
	(Electronics & Imaging)								
Yes	Diagnostic Tomographic Laser Imaging Apparatus	6356-US	08/952,821	7/31/1998	6,195,580	2/27/2001	R. Grable	Assign IDSI	7/31/2018
	(Patient Support Structure) In addition to above								
	Diagnostic Tomographic Laser Imaging Apparatus	6356-US-1	09/642581	8/22/2000	6,662,042	12/9/2003	R. Grable	Assign IDSI	8/22/2020
	Diagnostic Tomographic Laser Imaging Apparatus	6356-US-2	10/700706	11/5/2003	Abandoned				

PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
Yes	Device for Determining the Contour of the Surface	6558-1	08/965,148	11/6/1997	6,044,288	3/28/2000	R. Wake	Assign IDSI	11/6/2017
	of an Object Being Scanned						R. Grable		
							D. Rohler		

PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
Yes	Device for Determining the Perimeter of the	6559-1	08/965,149	11/6/1997	6,029,077	2/22/2000	R. Wake	Assign IDSI	11/6/2017
	Surface of an Object Being Scanned and for						R. Grable		
	Limiting Reflection from the Object Surface						D. Rohler		

PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
No	Data Acquisition Technique	6570	60/032,592	11/29/1996	Abandoned		R. Wake	Assign IDSI	
							R. Grable		

PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
No	Data Acquisition Technique Using Wall Eye	6571	60/032,593	11/29/1996	Abandoned		R. Wake	Assign IDSI	
							R. Grable		

PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
No	Detector Array with Variable Amplifiers for Use	6572-1	08/979,328	11/26/1997	6,150,649	11/21/2000	R. Wake	Assign IDSI	11/26/2017
	In a Laser Imaging Device						R. Grable		
							Sastry		

Imaging Diagnostic Systems, Inc.

U.S. Patents & Patents Pending

Rev: June 30, 2013

PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
No	Detector Array with Variable Amplifiers for Use	6572-2	09/712,244	11/15/2000	6,331,700	12/18/2001	R. Wake	Assign IDSI	11/15/2020
	in a Laser Imaging Device						R. Grable		
							Sastry		

PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
Yes	Detector Array for Use in a Laser Imaging	6573-1	08/963,760	11/4/1997	6,100,520	8/8/2000	R. Wake	Assign IDSI	11/4/2017
	Apparatus (Single Row of Detectors)						R. Grable		

PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
No	Detector Array for Use in a Laser Imaging	6573-2	09/627,148	7/27/2000	6,211,512	4/3/2001	R. Wake	Assign IDSI	7/27/2020
	Apparatus (WideEye-2 or more rows of Detectors)						R. Grable		

PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
No	Detector Array for Use in a Laser Imaging	6573-3	09/816,375	3/26/2001	7,977,619	7/12/2011	R. Wake	Assign IDSI	3/26/2021
	Apparatus (FleetEye)						R. Grable		

PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
Yes	Method for Reconstructing the Image of an Object	6574-1	08/979,624	11/28/1997	6,130,958	10/10/2000	D. Rohler	Assign IDSI	11/28/2017
	Scanned with a Laser Imaging Apparatus						Sastry		
							S. Ross		

PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
Yes	Laser Imaging Apparatus Using Biomedical	6647	09/008,477	1/16/1998	5,952,664	9/14/1999	R. Wake	Assign IDSI	1/16/2018
	Markers That Bind to Cancer Cells						R. Grable		

PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
	Laser Imaging Apparatus Using Biomedical	6647-US	09/966730	10/1/2001	6,663,287	1/17/2004		Assign IDSI	10/1/2021
	Markers That Bind to Cancer Cells								

PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
	Laser Imaging Apparatus Using Biomedical	6647-US-1	10/778324	2/17/2004	Abandoned				
	Markers That Bind to Cancer Cells								

Imaging Diagnostic Systems, Inc.

U.S. Patents & Patents Pending

Rev: June 30, 2013

PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
No	Phantom for Optical and Magnetic Resonance	6648	09/096,521	6/12/1998	Abandoned	1/6/2004	R. Grable	Assign IDSI	
	Imaging Quality Control			Old patent #6675035			D. Hall		
							S. Ponder		
							G. Porter		
							P. Jackewicz		

PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
	Phantom for Optical and Magnetic Resonance	6648-1	09/969869	10/4/2001	Abandoned				
	Imaging Quality Control								

PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
Yes	Time-Resolved Breast Imaging Device	6707	09/199,440	11/25/1998	6,339,216	2/5/2002	R. Wake	Assign IDSI	11/25/2018

PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
Yes	Time-Resolved Breast Imaging Device	6707-1	10/038601		Abandoned		R. Wake		

PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
Yes	CCD Array Used as a Multiple-Detector	6825	60/118,745	2/4/2000	Abandoned		R. Wake		
							D. Hall		
							R. Grable		

PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
Yes	Suppression of Optical Reflections In Medical	6996	09/829,443	4/14/2001	Abandoned				
	Optical Imaging Scanner								

PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
Yes	Multiple Wavelength Simultaneous Data	6997	09/851,437	5/9/2001	6,571,116	5/27/2003	R. Wake	Assign IDSI	5/9/2021
	Acquisition Device For Breast Imaging						R. Grable		

Imaging Diagnostic Systems, Inc.

U.S. Patents & Patents Pending

Rev: June 30, 2013

PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
	Multiple Wavelength Simultaneous Data	6997-1	10/414,235	4/16/2003	6,738,658	5/18/2004	R. Wake	Assign IDSI	4/16/2023
	Acquisition Device For Breast Imaging						R. Grable		
PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
No	Use of Flouresc ent Dye to Facilitate Surgery	7035	09/922,962	8/7/2001	Abandoned				
PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
Yes	Method for Improving the Accuracy of Data	7205	10/097121	3/14/2002	6,681,130	1/20/2004		Assign IDSI	3/14/2022
	Obtained in a Laser Imaging Apparatus								
PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
No	Breast Positioning in a Laser	7258	10/292619	11/13/2002	7,254,851	7/14/2007		Assign IDSI	11/13/2022
PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
No	Folded Optics Tabletop	7283	10/832282	4/27/2004	Abandoned				
PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
No	Ergonometric Tabletop with Folded Optics	7283-1	10/834080	4/29/2004	Abandoned				
PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
	Optical Computed Tomography Scanner	7325	10/717,989	11/21/2003	7,155,274	12/26/2006	R. Wake	Assign IDSI	11/21/2023
	for Small Laboratory Animals								
PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
	Optical Computed Tomography Scanner	7325-1	10/852690	5/25/2004	7,212,848	5/1/2007	R. Wake	Assign IDSI	5/25/2024
	for Small Laboratory Animals								
PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
	Apparatus and Method for Acquiring Time-Resolved	7368	11/270812	11/10/2005	7,446,875	11/4/2008	R. Wake	Assign IDSI	11/10/2025

Imaging Diagnostic Systems, Inc.

U.S. Patents & Patents Pending

Rev: June 30, 2013

	Measurements Utilizing Direct Digitization of the						S. Ponder		
	Temporal Point Spread Function of the Detected Light								
PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
	Detecting Breast Cancer	7467	11/522923	9/16/2006	Abandoned		R. Wake		
PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
	Enhanced Signal to Noise	7468	11/512246	8/30/2006	Abandoned		R. Wake		
PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
	Variable Scanning Parameters	7471	11/542642	10/4/2006	To Be Abandoned		R. Wake		
PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
	Patient Positioning in a Laser Apparatus	7489	11/542642	1/17/2007	8,027,711	9/27/2011	S. Jones	Assign IDSI	9/27/2028
							E. Selit		
							R. Wake		
PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
	Dedicated CT Scanner	7513	11/494534	7/29/2006	Abandoned		R. Wake		
PCT Appl.	For	Case #	Serial #	Filing Date	Patent #	Patent Date	Inventor	Status	Exp. Date
	Dedicated CT Scanner	7513-1	11/508861	8/24/2006	Abandoned		R. Wake		

Imaging Diagnostic Systems, Inc.

International Patents and Patents Pending

#	For	Case #	Country/Region	Serial #	Filing Date	Patent #	Patent Date
1	Diagnostic Tomographic Laser Imaging Apparatus	6356-AU	Australia	29998/95	7/10/1995	712849	11/18/1999
2	Diagnostic Tomographic Laser Imaging Apparatus	6356-CA	Canada	2223606	7/10/1995	2223606	10/7/2003
3	Diagnostic Tomographic Laser Imaging Apparatus	6356-CA-1	Canada	2440706	7/10/1995	Abandoned	
4	Diagnostic Tomographic Laser Imaging Apparatus	6356-CN	China	95197940.x	7/10/1995	ZL95197940	5/19/2004
5	Diagnostic Tomographic Laser Imaging Apparatus	6356-EP	Europe	95926136.3	7/10/1995	0837649	12/10/2003
6	Diagnostic Tomographic Laser Imaging Apparatus	6356-EP-1	Europe	EP 03024779.5	10/31/2003	1389441	5/10/2006
7	Diagnostic Tomographic Laser Imaging Apparatus	6356-JP	Japan	9-500394	7/10/1995	Abandoned	
8	Device for Determining the Contour of the Surface of an Object Being Scanned	6558-EP	Europe	97948135.5	11/7/1997	1003419	7/4/2004
9	Device for Determining the Contour of the Surface of an Object Being Scanned	6558-HK	Hong Kong	00107616.9	11/28/2000	HK 1029506	12/17/2004
10	Detector Array for Use in a Laser Imaging	6573-EP	Europe	97951435.3	11/28/1997	Abandoned	
11	Detector Array for Use in a Laser Imaging	6573-HK	Hong Kong	00107617.8	11/28/2000	Abandoned	
12	Method for Reconstructing the Image of an Object Scanned with a Laser Imaging Apparatus	6574-EP	Europe	97954133.1	11/28/1997	1005286	7/28/2004
13	Method for Reconstructing the Image of an Object Scanned with a Laser Imaging Apparatus	6574-HK	Hong Kong	00107618.7	11/28/2000	HK 1029508	12/31/2004
14	Laser Imaging Apparatus Using Biomedical Markers That Bind to Cancer Cells	6647-AU	Australia	34493-99	4/1/1999	775069	7/15/2004
15	Laser Imaging Apparatus Using Biomedical Markers That Bind to Cancer Cells	6647-CA	Canada	2379299	11/6/2001	2,373,299	3/30/2004
16	Laser Imaging Apparatus Using Biomedical Markers That Bind to Cancer Cells	6647-CN	China	99816608.1	10/31/2001	ZL 99 8 16608.1	7/11/2007
17	Laser Imaging Apparatus Using Biomedical Markers That Bind to Cancer Cells	6647-EP	Europe	EP 99916113.6	4/1/1999	1181511	6/15/2005
18	Laser Imaging Apparatus Using Biomedical Markers That Bind to Cancer Cells	6647-EP-1	Europe	04019679.2		Pending	
19	Laser Imaging Apparatus Using Biomedical Markers That Bind to Cancer Cells	6647-EP	Germany	EP 99916113.6	4/1/1999	DE69925869T2	5/4/2006
20	Laser Imaging Apparatus Using Biomedical Markers That Bind to Cancer Cells	6647-HK	Hong Kong	02105047.0	7/6/2002	HK1043480B	1/27/2006
21	Time-Resolved Breast Imaging Device	6707-CA	Canada	2309214	11/15/1998	2309214	
22	Time-Resolved Breast Imaging Device	6707-CN	China	98811502.6	5/24/2000	Abandoned	
23	Time-Resolved Breast Imaging Device	6707-EP	Europe	98958682.1	11/25/1998	Abandoned	
24	Time-Resolved Breast Imaging Device	6707-HK	Hong Kong	01101586.7	3/5/2001	Abandoned	
25	Time-Resolved Breast Imaging Device	6707-JP	Japan	IP-201742	11/15/1998	Abandoned	
26	CCD Array Used as a Multiple-Detector	6825-CA	Canada	2360129	2/4/2000	Abandoned	
27	CCD Array Used as a Multiple-Detector	6825-CN	China	00805682.X	9/28/2001	Abandoned	
28	CCD Array Used as a Multiple-Detector	6825-EP	Europe	00909894.8	???	Abandoned	
29	CCD Array Used as a Multiple-Detector	6825-HK	Hong Kong	2103695	5/16/2002	Abandoned	
30	CCD Array Used as a Multiple-Detector	6825-JP	Japan	2000-597944	8/6/2001	Abandoned	
31	Suppression of Optical Reflections In Medical Optical Imaging Scanner	6996-CN	China	01807953.9	10/11/2002	Abandoned	
32	Suppression of Optical Reflections In Medical Optical Imaging Scanner	6996-EP	Europe	EP01930422.9	11/12/2002	Abandoned	
33	Suppression of Optical Reflections In Medical Optical Imaging Scanner	6996-HK	Hong Kong	03105055.8	7/12/2003	Abandoned	
34	Suppression of Optical Reflections In Medical Optical Imaging Scanner	6996-JP	Japan	2001-575886	10/8/2002	Abandoned	
35	Multiple Wavelength Simultaneous Data Acquisition Device For Breast Imaging	6997-CN	China	01809326.4	11/11/2002	2L01809326.4	11/30/2005
36	Multiple Wavelength Simultaneous Data Acquisition Device For Breast Imaging	6997-EP	Europe	EP01937174.9	12/5/2002	Abandoned	
37	Multiple Wavelength Simultaneous Data Acquisition Device For Breast Imaging	6997-HK	Hong Kong	3105728.5	8/11/2003	Abandoned	
38	Multiple Wavelength Simultaneous Data Acquisition Device For Breast Imaging	6997-JP	Japan	2001-581673	11/8/2002	Pending	

IMAGING DIAGNOSTIC SYSTEMS, INC.
Schedule 3.1 (aa) Outstanding Secured and Unsecured Indebtedness

Description of Debt		Total
Accounts Payable	$	885,636.00
Loans Payable	$	1,709,894.00
Accrued Payroll Payable-Current	$	757,383.00
Accrued Payroll Payable-Former	$	420,283.00
Internal Revenue Service	$	1,396,691.00
TOTAL	**$**	**5,169,887.00**

NOTE: AMOUNT OF DEBT PRESENTED ARE BEFORE DISCOUNTS, ADJUSTMENTS AND DEBT EXTINGUISHMENTS.

SCHEDULE 3.1 (ee)

ACCOUNTANTS

The Company's independent registered public accountant is:

D'Arelli Pruzansky, P.A.

7280 West Palmetto Park Road

Suite 308-N

Boca Raton, FL 33433

561 756-9250

SCHEDULE 3.1 (ff)

SENIORITY

The Company has issued and outstanding 20 shares of Series L Convertible Preferred Stock held by Global Imaging Technologies, LLC. The stated value per share is $10,000 and the total principal value is $200,000. The Holder can convert to common shares at any time. As of June 18, 2014, The Company has not received a conversion notice or request for redemption from the Holder. The Series L Preferred Stock is not senior to the Series M Preferred Stock.

All indebtedness of the Company is prior to the Preferred Stock in right of payment.

SCHEDULE 3.1 (jj)

REGULATION M COMPLIANCE

NONE

IMAGING DIAGNOSTIC SYSTEMS, INC.

2012 NON-STATUTORY STOCK OPTION PLAN

I. PURPOSE OF THE PLAN

This 2012 Non-Statutory Stock Option Plan (the "Plan") is intended to promote the interests of Imaging Diagnostic Systems, Inc., a Florida corporation (the "Company"), by providing (i) key employees (including officers and directors) of the Company (or its parent or subsidiary corporations) who contribute to the management, growth and financial success of the Company (or its parent or subsidiary corporations) and (ii) consultants and other independent advisors who provide valuable services to the Company (or its parent or subsidiary corporations) with the opportunity to acquire a proprietary interest, or otherwise increase their proprietary interest, in the Company as an incentive for them to remain in the service of the Company (or its parent or subsidiary corporations).

For purposes of the Plan, the following provisions shall be applicable in determining the parent and subsidiary corporations of the Company:

Any corporation (other than the Company) in an unbroken chain of corporations ending with the Company shall be considered to be a parent of the Company, provided each such corporation in the unbroken chain (other than the Company) owns, at the time of the determination, stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

Each corporation (other than the Company) in an unbroken chain of corporations beginning with the Company shall be considered to be a subsidiary of the Company, provided each such corporation (other than the last corporation) in the unbroken chain owns, at the time of the determination, stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

II. DEFINITIONS

As used herein, the following definitions shall apply:

"Board" shall mean the Committee, if one has been appointed, or the Board of Directors of the Company if no Committee is appointed.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Committee" shall mean the Committee appointed by the Board in accordance with paragraph (A) of Section IV of the Plan, if one is appointed, or the Board if no committee is appointed.

"Common Stock" shall mean the no par value common stock of the Company.

"Company" shall mean Imaging Diagnostic Systems, Inc., a Florida corporation.

"Consultant" shall mean any person who is engaged by the Company or any Parent or Subsidiary to render consulting services and is compensated for such consulting services, but does not include a director of the Company who is compensated for services as a director only with the payment of a director's fee by the Company.

"Continuous Status as an Employee" shall mean the absence of any interruption or termination of service as an Employee. Continuous Status as an Employee shall not be considered interrupted in the case of sick leave, military leave, or any other leave of absence approved by the Board; provided that such leave is for a period of not more than 90 days or reemployment upon the expiration of such leave is guaranteed by contract or statute.

"Employee" shall mean any person, including officers and directors, employed by the Company or any Parent or Subsidiary of the Company. The payment of a director's fee by the Company shall not be sufficient to create "employment" by the Company.

" "Non-Employee Director" shall mean a director who:

(i) Is not currently an officer (as defined in Section 16a-1(f) of the Securities Exchange Act of 1934, as amended) of the Company or a Parent or Subsidiary of the Company, or otherwise currently employed by the Company or a Parent or Subsidiary of the Company.

(ii) Does not receive compensation, either directly or indirectly, from the Company or a Parent or Subsidiary of the Company, for services rendered as a Consultant or in any capacity other than as a director, except for an amount that does not exceed the dollar amount for which disclosure would be required pursuant to Item 404(a) of Regulation S-K adopted by the United States Securities and Exchange Commission.

(iii) Does not possess an interest in any other transaction and is not engaged in any business relationship for which disclosure would be required pursuant to Rule 404(a) or Rule 404(b) of Regulation S-K adopted by the United States Securities and Exchange Commission.

"Non-Statutory Stock Option" shall mean an Option granted under this Plan.

"Option" shall mean a Non-Statutory Stock Option. No option granted under this Plan shall be treated as an incentive stock option under Section 422 of the Code.

"Optioned Stock" shall mean the Common Stock subject to an Option.

"Optionee" shall mean an Employee, Director or Consultant who is granted an Option.

"Parent" shall mean a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

"Plan" shall mean this 2012 Non-Statutory Stock Option Plan.

"Share" shall mean a share of the Common Stock of the Company, as adjusted in accordance with Section X of the Plan.

"Service" shall mean service to the Company or Employee, Consultant or Director.

"Stock Option Agreement" shall mean the agreement to be entered into between the Company and each Optionee which shall set forth the terms and conditions of each Option granted to each Optionee, including the number of Shares underlying such Option and the exercise price of each Option granted to such Optionee under such agreement.

"Subsidiary" shall mean a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.

III. STOCK SUBJECT TO THE PLAN

Subject to the provisions of Section IX of the Plan, the maximum aggregate number of Shares which may be optioned and sold under the Plan is 196,781,578 shares of Common Stock. Shares of the Common Stock shall be available for issuance under the Plan and may be drawn from the Company's authorized but unissued shares of Common Stock, from reacquired shares of Common Stock, including shares repurchased by the Company on the open market, or from Common Stock otherwise reserved pursuant to this Plan. If an Option should expire or become unexercisable for any reason without having been exercised in full, the unpurchased Shares which were subject thereto shall, unless the Plan shall have been terminated, become available for future grant under the Plan.

Should one or more outstanding options under this Plan expire or terminate for any reason prior to exercise in full, then the Shares subject to the portion of each option not so exercised shall be available for subsequent option grant under the Plan. Shares issued under the Plan shall not be available for subsequent option grant under the Plan. In addition, should the exercise price of an outstanding option under the Plan be paid with shares of Common Stock, then the number of shares of Common Stock available for issuance under the Plan shall be reduced by the gross number of shares for which the option is exercised, and not by the net number of shares of Common Stock actually issued to the holder of such option.

In the event any change is made to the Common Stock issuable under the Plan by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares or other change affecting the outstanding Common Stock as a class without the Company's receipt of consideration, appropriate adjustments shall be made to the number and/or class of securities and price per share in effect under each outstanding option under the Plan. Such adjustments to the outstanding options are to be effected in a manner which shall preclude the enlargement or dilution of rights and benefits under such options.

The adjustments determined by the Committee shall be final, binding and conclusive.

Common Stock issuable under the Plan may be subject to such restrictions on transfer, repurchase rights or other restrictions as may be determined by the Committee.

IV. ADMINISTRATION OF THE PLAN.

Procedure. The Plan shall be administered by the Board or a Committee appointed by the Board consisting of two or more Non-Employee Directors to administer the Plan on behalf of the Board, subject to such terms and conditions as the Board may prescribe.

(i) Once appointed, the Committee shall continue to serve until otherwise directed by the Board (which for purposes of this paragraph (A)(i) of this Section IV shall be the Board of Directors of the Company). From time to time the Board may increase the size of the Committee and appoint additional members thereof, remove members (with or without cause) and appoint new members in substitution therefore fill vacancies however caused, or remove all members of the Committee and thereafter directly administer the Plan.

(ii) Members of the Board who are granted, or have been granted, Options may vote on any matters affecting the administration of the Plan or the grant of any Options pursuant to the Plan.

Powers of the Board. Subject to the provisions of the Plan, the Board shall have the authority, in its discretion:

To grant Non-Statutory Stock Options as provided and identified in a separate written Stock Option Agreement to each Optionee granted such Option or Options under the Plan; provided, however, that in no event shall a Non-Statutory Stock Option granted to any Optionee under a single Stock Option Agreement be subject to a "tandem" exercise arrangement such that the exercise of one such Option affects the Optionee's right to exercise the other Option granted under such Stock Option Agreement;

To determine, upon review of relevant information and in accordance with Section VII (e) of the Plan, the fair market value of the Common Stock;
To determine the exercise price per Share of Options to be granted, which exercise price shall be determined in accordance with Section VII of the Plan;

To determine the Employees or other persons to whom, and the time or times at which, Options shall be granted and the number of Shares to be represented by each Option;

To interpret the Plan;

To prescribe, amend and rescind rules and regulations relating to the Plan;

To determine the terms and provisions of each Option granted (which need not be identical) and, with the consent of the holder thereof, modify or amend each Option;

To accelerate or defer (with the consent of the Optionee) the exercise date of any Option, consistent with the provisions of Section VII of the Plan;

To reduce the exercise price of any Option to the then current Fair Market Value if the Fair Market Value of the Common Stock covered by such Option shall have declined since the date the Option Right was granted;

To authorize any person to execute on behalf of the Company any instrument required to effectuate the grant of an Option previously granted by the Board; and

To make all other determinations deemed necessary or advisable for the administration of the Plan.

Effect of Board's Decision. All decisions, determinations and interpretations of the Board shall be final and binding on all Optionees and any other permissible holders of any Options granted under the Plan.

V. ELIGIBILITY

Persons Eligible. Options may be granted to any Employee, Director or Consultant selected by the Board; provided however, that a Consultant shall be ineligible to receive Options hereunder in consideration of services relating to the offer or sale of securities in a capital raising transaction or the direct or indirect promotion or maintenance of a market for the Company's securities. An Employee who is also a director of the Company, its Parent or a Subsidiary, shall be treated as an Employee for purposes of this Section V. An Employee or other person who has been granted an Option may, if he is otherwise eligible, be granted an additional Option or Options.

No Effect on Relationship. The Plan shall not confer upon any Optionee any right with respect to continuation of employment, directorship, consultancy or any other relationship with the Company nor shall it interfere in any way with his/her right or the Company's right to terminate his/her employment, directorship, consultancy or any other relationship at any time.

VI. TERM OF PLAN

The Plan becomes effective on the date the Plan is approved by the shareholders of the Company. It shall continue in effect until a date that is 10 years after such approval, unless sooner terminated under Section XI of the Plan.

VII. TERMS & CONDITIONS OF THE OPTIONS

Options granted pursuant to the Plan shall be authorized by action of the Committee and will be Non-Statutory Options. Each granted option shall be evidenced by one or more instruments in the form approved by the Committee; provided, however, that each such instrument shall comply with the terms and conditions specified below.

Option Price.

The Committee shall fix the option price per share. In no event, however, shall it be less than 100% of the fair market value per share of Common Stock on the date of the option grant.
The option price shall become immediately due upon exercise of the option and, subject to the instrument evidencing the grant, shall be payable in one of the following alternative forms specified below:
(a) full payment in cash or check drawn to the Company's order;

(b) full payment in shares of Common Stock held for at least six months and valued at fair market value on the Exercise Date (as such term is defined below);

(c) full payment in a combination of shares of Common Stock held for at least six months and valued at fair market value on the Exercise Date and cash or check; or

(d) full payment through a broker-dealer sale and remittance procedure provided that sale of the Optioned stock is permitted as a result of an effective registration statement under the Securities Act of 1933, as amended, and compliance with all applicable securities laws, pursuant to which the Optionee (i) shall provide irrevocable written instructions to a Company-designated brokerage firm to effect the immediate sale of the purchased shares and remit to the Company, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate option price payable for the purchased shares plus all applicable Federal and State income and employment taxes required to be withheld by the Company in connection with such purchase and (ii) shall provide written directives to the Company to deliver the certificates for the purchased shares directly to such brokerage firm in order to complete the sale transaction.

For purposes of this Section VII, the Exercise Date shall be the date on which written notice of the option exercise is delivered to the Company. Except to the extent the sale and remittance procedure is utilized in connection with the exercise of the option, payment of the option price for the purchased shares must accompany such notice.

The fair market value per share of Common Stock on any relevant date under the Plan shall be determined in accordance with the following provisions:

(e) If the Common Stock is not at the time listed or admitted to trading on any national stock exchange but is traded on the NASDAQ National Market, the fair market value shall be the closing selling price per share of Common Stock on the date in question, as such price is reported by the National Association of Securities Dealers on the NASDAQ National Market System or any successor system. If there is no reported closing selling price for the Common Stock on the date in question, then the closing selling price on the last preceding date for which such quotation exists shall be determinative of fair market value.

(f) If the Common Stock is at the time listed or admitted to trading on any national stock exchange, then the fair market value shall be the closing selling price per share of Common Stock on the date in question on the stock exchange determined by the Committee to be the primary market for the Common Stock, as such price is officially quoted in the composite tape of transactions on such exchange. If there is no reported sale of Common Stock on such exchange on the date in question, then the fair market value shall be the closing selling price on the exchange on the last preceding date for which such quotation exists.

(g) If the Common Stock is quoted on the NASDAQ Small Cap Market, or any similar system of automated dissemination of quotations of securities process in common use, the fair market value shall be the mean between the closing bid and asked quotations for the Common Stock on such date.

(h) If neither clause (e), (f) or (g) is applicable, then the fair market value shall be the mean between the closing bid and asked quotations for the Common Stock as reported by the National Quotation Bureau, Inc., if at least two securities dealers have inserted both bid and asked quotations for Common Stock on at least five of the ten preceding business days.

(i) If neither clause (e), (f), (g) or (h) is applicable, then the fair market value shall be determined by the Committee using such criteria as it deems appropriate.

Term and Exercise of Options. Each Option shall be exercisable at such time or times, during such period and subject to such conditions, including performance criteria with respect to the Company and Optionee, as may be determined by the Committee and set forth in the stock option agreement evidencing the grant. No such option, however, shall have a maximum term in excess of 10 years from the grant date. An Option may not be exercised for a fraction of a share. During the lifetime of the Optionee, the Option shall be exercisable only by the Optionee and shall not be assignable or transferable by the Optionee otherwise than by will or by the laws of descent and distribution following the Optionee's death.

Termination of Service.

Except to the extent otherwise provided pursuant to Section VII (n), the following provisions shall govern the exercise period applicable to any outstanding Options under the Plan which are held by the Optionee at the time of his or her cessation of Service:

(j) Should the Optionee cease Service for any reason other than death (including permanent disability as defined in Section 22(e)(3) of the Code) while holding one or more outstanding Options under the Plan, then none of those Options shall (except to the extent otherwise provided pursuant to Section VII (n)) remain exercisable beyond the limited post-Service period designated by the Committee at the time of the Option grant and set forth in the Option agreement.

(k) During the term of the Option if the Optionee was at the time of his death an Employee and had been in Continuous Status as an Employee or Consultant since the date of grant of the Option, the Option may be exercised, at any time within 12 months following the date of death, by the Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance, but only to the extent of the right to exercise that would have accrued had the Optionee continued living and remained in Continuous Status as an Employee 12 months after the date of death.

(l) Under no circumstances, however, shall any such Option be exercisable after the specified expiration date of the Option term.

(m) During the limited post-Service exercise period, the Option may not be exercised for more than the number of shares for which the Option is exercisable on the date of the Optionee's cessation of Service. Upon the expiration of such limited exercise period or (if earlier) upon the expiration of the Option term, the Option shall terminate and cease to be exercisable. However, upon the Optionee's cessation of Service, each outstanding Option at the time held by the Optionee shall immediately terminate and cease to be outstanding with respect to any shares for which the Option is not otherwise at that time exercisable or in which the Optionee is not otherwise vested.

(n) Should (i) the Optionee's Service be terminated for misconduct (including, but not limited to, any act of dishonesty, willful misconduct, fraud or embezzlement) or (ii) the Optionee make any unauthorized use or disclosure of confidential information or trade secrets of the Company or its Parent or Subsidiary, then in any such event all outstanding Options held by the Optionee under this Plan shall terminate immediately and cease to be exercisable.

The Committee shall have complete discretion, exercisable either at the time the Option is granted or at any time while the Option remains outstanding, to permit one or more Options held by the Optionee under this Plan to be exercised, during the limited period of exercisability provided under subparagraph (i) above, not only with respect to the number of shares for which each such Option is exercisable at the time of the Optionee's cessation of Service but also with respect to one or more subsequent installments for which the Option would otherwise have become exercisable during such limited period had such cessation of Service not occurred.

For purposes of the foregoing provisions of this section (and for all other purposes under the Plan):

(o) The Optionee shall (except to the extent otherwise specifically provided in the applicable Option agreement) be deemed to remain in the Service of the Company for so long as such individual renders services on a periodic basis to the Company (or any Parent or Subsidiary) in the capacity of an Employee, a Non-Employee Director or a Consultant.
(p) The Optionee shall be considered to be an Employee for so long as he or she remains in the employ of the Company or one or more Parent or Subsidiary, subject to the control and direction of the employer entity not only as to the work to be performed but also as to the manner and method of performance.

Stockholder Rights. An Optionee shall have no stockholder rights with respect to any shares covered by the Option until such individual shall have exercised the Option by written notice to the Company, paid the Option price for the purchased shares and been issued a stock certificate for such shares.

Extension Of Exercise Period. The Committee shall have full power and authority to extend the period of time for which any Option granted under this section is to remain exercisable following the Optionee's cessation of Service or death from the limited period in effect under this section to such greater period of time as the Committee shall deem appropriate; provided, however, that in no event shall such Option be exercisable after the specified expiration date of the Option term.

VIII. NON-TRANSFERABILITY OF OPTIONS

An Option may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent and distribution and may be exercised, during the lifetime of the Optionee, only by the Optionee.

IX. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION OR MERGER

Subject to any required action by the shareholders of the Company, the number of Shares covered by each outstanding Option, and the number of Shares which have been authorized for issuance under the Plan but as to which no Options have yet been granted or which have been returned to the Plan upon cancellation or expiration of any Option, as well as the price per Share covered by each such outstanding Option, shall be proportionately adjusted for any increase or decrease in the number of issued Shares resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of issued shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Committee, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to an Option.

In the event of the proposed dissolution or liquidation of the Company, the Option will terminate immediately prior to the consummation of such proposed action, unless otherwise provided by the Committee. The Committee may, in the exercise of its sole discretion in such instances, declare that any Option shall terminate as of a date fixed by the Committee and give each Optionee the right to exercise his Option as to all or any part of the Optioned Stock, including Shares as to which the Option would not otherwise be exercisable. In the event of the proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation in a transaction in which the Company is not the survivor, the Option shall be assumed or an equivalent option shall be

substituted by such successor corporation or a parent or subsidiary of such successor corporation, unless the Committee determines, in the exercise of its sole discretion and in lieu of such assumption or substitution, that the Optionee shall have the right to exercise the Option as to all of the Optioned Stock, including Shares as to which the Option would not otherwise be exercisable. If the Committee makes an Option fully exercisable in lieu of assumption or substitution in the event of such a merger or sale of assets, the Committee shall notify the Optionee that the Option shall be fully exercisable for a period of 30 days from the date of such notice, and the Option will terminate upon the expiration of such period.

X. TIME OF GRANTING OPTIONS

The date of grant of an Option shall, for all purposes, be the date on which the Committee makes the determination granting such Option. Notice of the determination shall be given to each Employee or other person to whom an Option is so granted within a reasonable time after the date of such grant. Within a reasonable time after the date of the grant of an Option, the Company shall enter into and deliver to each Employee or other person granted such Option a written Stock Option Agreement as provided in Sections II and XIV hereof, setting forth the terms and conditions of such Option.

XI. AMENDMENT AND TERMINATION OF THE PLAN

Amendment and Termination. The Committee may amend or terminate the Plan from time to time in such respects as the Committee may deem advisable; provided that, the following revisions or amendments shall require approval of the shareholders of the Company holding a majority of the outstanding voting stock of the Company, who are present or represented and entitled to vote thereon:

An increase in the number of Shares subject to the Plan above the number of Shares set forth in Section III of the Plan, other than in connection with an adjustment under Section IX of the Plan;

Any material amendment under the Plan that would have to be approved by the shareholders of the Company for the Committee to continue to be able to grant Options under the Plan.

Effect of Amendment or Termination. Any such amendment or termination of the Plan shall not affect Options already granted and such Options shall remain in full force and effect as if the Plan had not been amended or terminated, unless mutually agreed otherwise between the Optionee and the Committee, which agreement must be in writing and signed by the Optionee and the Company.

XII. CONDITIONS UPON ISSUANCE OF SHARES

Shares shall not be issued pursuant to the exercise of an Option unless the exercise of such Option and the issuance and delivery of such Shares pursuant thereto shall comply with all relevant provisions of law, including, without limitation, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, applicable state securities laws, and the requirements of any stock exchange upon which the Shares may then be listed, and shall be further subject to the approval of legal counsel for the Company with respect to such compliance.

As a condition to the exercise of an Option, the Company may require the person exercising such Option to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares and such other representations and warranties which, in the opinion of legal counsel for the Company, are necessary or appropriate to establish an exemption from the registration requirements under applicable federal and state securities laws with respect to the acquisition of such Shares.

XIII. RESERVATION OF SHARES

The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan. Inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's legal counsel to be necessary for the lawful issuance and sale of any Share hereunder, shall relieve the Company of any liability relating to the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

XIV. OPTION AGREEMENT

Each Option granted to an Employee or other persons shall be evidenced by a written Stock Option Agreement in such form, as the Committee shall approve. In the event of conflict between the terms of this Plan and the terms of a Stock Option Agreement, the terms of the Plan shall prevail and supersede the terms of the Agreement.

XV. INFORMATION TO OPTIONEES

The Company shall provide to each Optionee, during the period for which such Optionee has one or more Options outstanding, copies of all annual reports and other information which are provided to all shareholders of the Company. The Company shall not be required to provide such information if the issuance of Options under the Plan is limited to key employees whose duties in connection with the Company assure their access to equivalent information.

XVI. GENDER

As used herein, the masculine, feminine and neuter genders shall be deemed to include the others in all cases where they would so apply.

XVII. CHOICE OF LAW

All questions concerning the construction, validity and interpretation of this Plan and the instruments evidencing options will be governed by the internal law, and not the law of conflicts, of the State of Florida.

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Plan effective as of August 8, 2012.

IMAGING DIAGNOSTIC SYSTEMS, INC.

By: _____
Name: Linda B. Grable
Title: Chief Executive Officer

ATTEST:

By: _____
Name: Allan L. Schwartz
Title: Secretary

SCHEDULE 3.1 (qq)

CONTRACTS

The Company has the following contracts:

Five Year lease with Isco Properties, LLC for 1291-B NW 65th Place, Fort Lauderdale, FL 33309 with monthly rent at $6,360.00 for year one with 3% annual increase each subsequent year.

Lease for Canon Imagerunner 25351 copier with monthly lease of $388.13 payable to Marlin Business Bank.

Lease for Pure Water Technology water purification system serviced by Green Earth Beverage Systems with monthly lease payment of $72.91 payable to Time Payment Corp.

Consulting Agreement with Donovan Brown of Boynton Beach, FL to provide regulatory consulting (UL & FDA) ————for $125.00 per hour.

CURRENT DISTRIBUTOR CONTRACTS

Rev 4/23/14

Name of Distributor	Address 1	Address 2	Contact Name	Email Address	Telephone	Fax	Mobile	Exclusive or Non-Exclusive	Territories	Date of Agreement	Expiration Date
Advanced Medical Union (Wuhan) Co. Ltd	A-7 Building Biopharm Park Wuhan, Hubei, P.R. China										
Biomedical International Srl. (DEALER)	Via Piemonte, 101 00010 S. Lucia Di Fontanova Roma, Italy		Luciano Peretti	biomedical@dynamic.it	39 06 9050318	39 06 9050609		(DEALER)			
Delcon Holding Berhad (DEALER)	Gurney Tower, Gurney Drive Suite 16-25-C 25th Floor 10250 Penang, Malaysia		Arthur Su - President	fitness@delcon.com	6 04 229 1811	6 04 229 1757		(DEALER)	Malaysia		
Edo Med Sp.z.o.o.	ul. Puszczyka 47B 02-644 Warszawa, Poland		Jarosław Bartulski - GM	bartulski@edomed.pl	48 22 641 61 09	48 22 643 70 67	48 605 265 626	Non-Exclusive	Poland	4/14/2009	4/14/2010
			Aneta Ciechowska - Marketing Specialist	ciechowska@edomed.pl	48 22 641 61 09	48 22 643 70 67					
			Monika Kunicka - Marketing Specialist	kunicka@edomed.pl or kunicka@edom	48 22 641 61 09	48 22 643 70 67					
			Grzegorz Skarądzki (Greg) - Brand Manager	skaradzki@edomed.pl	48 22 641 61 09	48 22 643 70 67	48 605 265 658				
			Dominik Grzywaczewski - Service Engineer	grzywaczewski@edomed.pl	48 22 641 61 09	48 22 643 70 67					
			Janusz Bieńek - Service Manager	bienek@edomed.pl	48 22 641 61 09	48 22 643 70 67	48 605 265 626				
			Sebastian Gwoździ - Service	gwozdziel@edomed.pl			011 48 605 269994				
Key Mark Medical	P.O. Box 18990 Building No. 151 Qamzia 2 Al Nahada Dubai U.A.E.										
Kepler Internacional S.A. de C.V.	Col. Garcia Pastal Monterrey, N.L. Mexico C.P. 64986										
Kardia Hungary	Kalocsai u. 51, H-1141 Budapest, Hungary		Laszlo Meszaros - Main Contact	Kardia.hungary@chello.hu	36-1 422-1953	36-1 422-1954	36-30 931-8100		Hungary	3/1/2008	3/1/2009
Labada USA	1561 NW 132 Ave Pembroke Pines, FL 33028		Ovidiu T. Labada - President/CEO		(954) 504-2409			Exclusive	Romania, Bulgaria, Ukraine, Moldova & Austria	5/10/2010	
Phoenix Med	Moscow, ul. Bolshaya Pekarskia 7/10, Str 3, pom. 2, Komn. 17, Moscow, 119180 Russia										
Shimadzu Medical Systems (Oceania) Pty. Ltd.	Unit E 10-16 South Street Rydalmere NSW 2116 Australia										

SCHEDULE 3.1 (uu)

WARRANTY AND RELATED MATTERS (Company Products)

See attached Terms and Conditions – International

No. 4 Warranty

SCHEDULE 4.9

USE OF PROCEEDS

1. First Closing:

   a. $1,200,000 – FDA pre-market approval of Company products

   b. $800,000 – service of debts existing as of date of Agreement

   c. $500,000 – resume and maintain manufacturing activities and operating expenses in the ordinary course of business

2. Second Closing:

   a. $2,000,000 – service of debts existing as of date of Agreement and operating expenses in the ordinary course of business

3. Third Closing:

a. $1,500,000 – service of debts existing as of date of Agreement and operating expenses in the ordinary course of business

IMAGING DIAGNOSTIC SYSTEMS, INC.
INTERNATIONAL TERMS AND CONDITIONS OF SALES

1. **Terms of Sale**
   a. **Definitions.**
      i. **PRODUCT(S).** Those Product(s) and services sold by Imaging Diagnostic Systems, Inc. ("IDSI") to PURCHASER, pursuant to terms and conditions described below.
      ii. **QUOTATION.** The sales quotation document that is issued by IDSI to the PURCHASER which provides a description of the PRODUCT(S) to be sold, the sales price, payment instructions, and the shipping terms. The terms are valid for sixty (60) days from the date it was issued.
      iii. **PRO FORMA INVOICE.** This document is provided by IDSI prior to the shipment of PRODUCT (S), informing the buyer of the kinds and quantities of goods to be sent, their value, and important specifications (weight, size, and similar characteristics). Will be provided by IDSI at the request of a leasing or financing company.
      iv. **ORDER.** A document that reflects the PURCHASER's intent to purchase the PRODUCTS. This can be performed by the execution by the PURCHASER of the QUOTATION or by the PURCHASER'S Purchase Order.
      v. **COMMERCIAL INVOICE.** A Commercial Invoice is a more detailed invoice for customs purposes and travels with the PRODUCT(S) in the shipment.
      vi. **SALES INVOICE.** The final invoice which represents the final terms of the sale and is sent to the PURCHASER after shipment.
   b. **Final Acceptance; Entire Agreement.** All orders placed pursuant to this Quotation shall be subject to the final acceptance in writing by a duly authorized representative of IDSI. These terms and conditions and IDSI written acceptance thereof (the "Agreement") shall constitute the complete agreement between the parties, reflecting their entire understanding as to matters related hereto and supersedes any prior oral or written statement of agreement. No term or condition of the PURCHASER's order which is different from or in addition to the terms and conditions as set forth in the agreement shall be binding on IDSI unless, and only to the extent, such different or additional term or condition is expressly accepted by IDSI in writing. In the event of any inconsistency between the terms set forth in the PURCHASER's Order and these terms and conditions, the terms set forth in the Quotation shall control, unless otherwise agreed in writing by IDSI.
2. **Price**
   The IDSI International Published Price Book ("Price Book") is published and updated periodically. IDSI reserves the right to change or withdraw the list prices and revise product specifications without notice.
3. **Payment Terms.**
   a. **Quoted Prices;** Transportation. All quoted prices are ExWorks IDSI (Airfreight) unless otherwise specified. Transportation shall be by means that are commercially reasonable and customary and at the PURCHASER's expense. IDSI'S responsibility ceases upon delivery to the carrier at the stated shipping point, and risk of loss, damage, injury or destruction to any of the goods shall pass to the PURCHASER upon such delivery to the carrier. In no event shall any loss, damage, injury or destruction operate in any manner to release the PURCHASER from the obligation to make payments required herein. Unless otherwise agreed in writing, IDSI reserves the right to make partial shipments and to submit invoices for partial shipments. PURCHASER must provide a complete set of forwarding instructions to IDSI.
   b. **Taxes.** Prices do not include any taxes, customs or duties. Consequently, the amount of any tax, custom and/or duty applicable to the sale of the PRODUCT(S) herein or to the use of such goods by the PURCHASER shall be paid by the PURCHASER. If IDSI is required to collect or pay any such taxes, customs or duties, than PURCHASER shall reimburse IDSI promptly after demand for such payment and for any associated expenses.
   c. **Payment.**
      i. Payment in US Dollars or other method outlined in these terms is due upon receipt of invoice, prior to shipment, with no discount allowed for early payment, unless otherwise agreed to in writing. Invoices shall be issued upon shipment. Past due invoices are subject to a interest charges at the maximum rate as permitted by US law, and cost and expenses associated with the collection thereof.
      ii. The PURCHASER is responsible for all charges outside of the United States and any additional shipping charges which IDSI has to incur.
      iii. Any deposit made by the PURCHASER with respect to PRODUCT(S) is nonrefundable except to the extent IDSI fails to deliver the PRODUCT(S) and such failure does not result from breach of Agreement by the PURCHASER or other wrongful act or omission of the PURCHASER.
      iv. IDSI will insure each shipment and all the value of the insurance to the final sales invoice.

   d. **Cancellation. Changes and Cancellations.**
   Orders accepted by IDSI are not subject to changes or cancellation by the PURCHASER, except with IDSI'S written consent. If PURCHASER cancels the Order, PURCHASER shall pay IDSI a cancellation charge of fifteen percent (15%) of the Total System Price. IDSI shall retain as a credit all progress payments made to that point towards this cancellation charge. If PURCHASER cancels this Agreement, all progress payments, which have been made to that date, but not to exceed fifteen percent (15%) of the Total System Price, will be held as cancellation charge.
   e. **Security Interest.** IDSI shall retain a security interest in the PRODUCT(S) supplied hereunder until PURCHASER has fulfilled all of its payments obligations. The PURCHASER shall take any and all measures to ensure IDSI's property rights. If default is made in any of the payments herein, the PURCHASER agrees that IDSI may retain all payments which have been made on account of the total System Price to 70% of the Total System Price, as liquidated damages and IDSI shall be entitled to the immediate possession of the PRODUCT(S) and shall be free to enter the premises where the PRODUCT(S) may be located and remove same as IDSI'S property, without prejudice to its right to recover any further expenses or damages it may suffer by reason of such nonpayment.
   f. **Delivery and/or Installation Dates.** Delivery and/or installation schedules are approximate and are based on conditions at the time of acceptance. IDSI will make every reasonable effort to complete shipment and/or installation as indicated but assumes no liability of

any kind by reason of delay or inability to ship or install beyond IDSI's control. In such event, IDSI may extend delivery and/or installation schedules or may, at its option; cancel the order in full or in part without liability other than to return any deposit or prepayment which is unearned by reason of the cancellation.

4. **Warranty.** Except as hereinafter provided, IDSI warrants all PRODUCT(S) and parts supplied by IDSI to be free of defects in design, material and workmanship for a period of 12 months from the date of the date of installation or 15 months from the date the PRODUCTS was/were shipped from IDSI, whichever occurs first. If a failure occurs during the warranty period and there in no evidence of misuse, abuse, neglect or unauthorized alteration or repair, IDSI will repair, replace or correct, at its option, their defective item without charge for parts and labor. **THE FOREGOING WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES EXPRESSED OR IMPLIED INCLUDING, WITHOUT LIMITATION, IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. IDSI'S WARRANTY DOES NOT APPLY IF PRODUCTS HAVE BEEN SUBJECT TO MISUSE, MISHANDLING, MISAPPLICATION, NEGLECT (INCLUDING, WITHOUT LIMITATION, IMPROPER MAINTENANCE), ACCIDENT OR MODIFICATION NOT EXPRESSLY AUTHORIZED BY IDSI (INCLUDING, WITHOUT LIMITATION, USE OF UNAUTHORIZED PARTS OR ATTACHMENTS) OR IF ANY ADJUSTMENT OR REPAIR HAS BEEN PERFORMED BY ANYONE OTHER THAN IDSI OR AN AUTHORIZED SERVICE REPRESENTATIVE OF IDSI, WHICH ITEMS BEING SUBJECT ONLY TO SUCH WARRANTIES AS MAY BE SPECIFIED IN WRITING BY IDSI AT THE TIME OF DELIVERY TO THE PURCHASER. IDSI makes no warranty with respect to "third party PRODUCT(S)" furnished to PURCHASER by IDSI, such as printers, etc. The warranty for such items shall be as provided by the manufacturer thereof.**

   a. **Sole obligation; Notice.** IDSI'S sole and exclusive obligation under this warranty is limited to the repair or replacement of defective parts. This warranty is made on condition that prompt notice of any defect is given within 10 days of discovering the defect, in writing within the warranty period and that IDSI'S inspection does not disclose any invalid claim. The defective PRODUCTS or part thereof must be returned to IDSI, if so requested.

   b. **Returned PRODUCTS.** Goods shall not be returned to IDSI without written authorization. All authorized returns must be properly packaged with transportation charges prepaid by the PURCHASER. IDSI shall pay the shipping for the replacement PRODUCTS.

      i. **Damages; Limitation of Liability.** IDSI'S liability arising out of or relating to this agreement shall not exceed the amounts paid by PURCHASER to IDSI for the PRODUCT(S). IDSI shall not be liable for special incidental or consequential damages. Consequential damages shall include, without limitation, loss of use. Income or profit or loss of or damage to persons or property.

      ii. **Limitation of Action.** No suit or other proceeding may be brought on an alleged breach of warranty of IDSI set forth in this Agreement more that twelve (12) months after termination of such warranty.

5. **Software**

IDSI hereby grants to PURCHASER and their assigns a nonexclusive license to use the Programs solely in connection with the use of the PRODUCTS. IDSI shall retain all right, title and interest in and to any Programs provided or licensed to PURCHASER. PURCHASER agrees to maintain the confidentiality of the Programs and to instruct and obligate its employees and agents to do the same. Without limiting the generality of the foregoing. PURCHASER shall not reproduce or modify all or any portion of the Programs, nor shall PURCHASER disclose, sell, and sublicense the Programs to any third party, without the prior express written consent of IDSI. In addition to any other remedy IDSI may have, IDSI reserves the right to terminate PURCHASER'S license if PURCHASER fails to comply with any term or condition hereof. PURCHASER'S license shall also terminate at such time as PURCHASER shall permanently cease to use the PRODUCTS. PURCHASER agrees, upon notice from IDSI of any termination of license, in accordance with any more specific directions from IDSI, to deliver immediately to IDSI all Software and copies thereof, and all Firmware chips and printed circuit boards and other tangible items and materials in the possession or custody of PURCHASER embodying the Programs. As used herein, the word "Programs" shall include IDSI' Firmware and Software, each of which is defined as follows: (a) "Firmware" shall mean all fixed electrical circuits (including printed circuit boards and chips embodying such circuits) placed in the PRODUCTS by IDSI that perform predetermined programs and routines in the PRODUCTS in response to specific inputs. (b) "Software" shall mean all alterable programs and routines for the internal operation of the EQUIPMENT placed in the PRODUCTS by IDSI, or furnished with or for the PRODUCTS by IDSI. IDSI retains all ownership rights to the Software. The license to the Software is sold with the PRODUCTS.

DISCLAIMER. IDSI AND ITS REPRESENTATIVES SHALL IN NO EVENT BE LIABLE TO THE PURCHASER FOR ANY SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES OR LOSS OF DATA, PROFIT, REVENUE OR USE, IN CONNECTION WITH OR ARISING OUT OF THESE CONDITIONS OF SALE OR ANY RESULTING AGREEMENT, OR THE FUNCTIONING OR THE PURCHASER'S CUSTOMER'S USE OF, OR INABILITY TO USE PRODUCTS, INCLUDING (EMBEDDED) SOFTWARE, OR FOR ANY LIABILITY OF THE PURCHASER TO ANY THIRD PARTY WITH RESPECT THERETO. NEITHER IDSI NOR ITS REPRESENTATIVES OR SUPPLIERS SHALL BE LIABLE FOR ANY LOSS OF OR INABILITY TO USE MEDICAL OR OTHER DATA STORED IN PRODUCTS, INCLUDING (EMBEDDED THIS SALE, AND ARE EXPRESSLY IN LIEU OF ANY OTHER WARRANTIES, EXPRESSED OR IMPLIED INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR STATUTORY WARRANTY.

6. **Limitation of Liability.** IDSI shall in no event have obligations or liabilities to PURCHASER or any other person for loss of profits, loss of use or incidental, special or consequential damages, whether based on contract, tort (including negligence), strict liability, or any other theory or form of action, even if IDSI has be advised of the possibility thereof, arising out of, or in connection with the sale, delivery, use, repair or performance of the PRODUCTS or the Programs, or any failure or delay in connection with any of the forgoing, which resulted from on authorized use of the PRODUCTS.

7. **Arbitration.** Any dispute between the parties arising directly or indirectly from this Agreement shall be resolved by arbitration in Plantation, Florida pursuant to the rules, then obtaining of the American Arbitration Association and judgment upon the award rendered may be entered by a court of competent jurisdiction. Neither party shall commence any action against the other to resolve any such dispute in any court except to confirm such an arbitrator's award. Notwithstanding in the foregoing. IDSI may at its option elect to waive arbitration to recover possession of a PRODUCTS or PRODUCT(S) if any payment hereunder has not been made.

8. **Notice.** Any notice required or permitted to be given under this Agreement shall be considered sufficient if delivered personally or mailed via certified mail. Notices to the PURCHASER shall be sent to the address shown on the first page of the Quotation. Notices to either IDSI or the PURCHASER may be sent to such other address as either party may give to the other from time to time pursuant to this provision.

9. **Severability.** If any provision in the agreement shall be found to be void or unenforceable, the provision only shall be deemed stricken and all other terms and conditions shall remain in full force and effect.

10. **Assignment.** This Agreement shall be binding upon IDSI and the PURCHASER and shall insure to their benefit and to their successors and permitted assigns. This Agreement may not be assigned by PURCHASER in whole, or in part, to any third party without the express written consent of IDSI, which will not be unreasonably withheld. IDSI may, however require any proposed assignee to reimburse it for any of its reasonable costs associated with such assignment, and to supply it with such information and to make such representations as IDSI deems appropriate for its protection.

11. Construction; Jurisdiction. This Agreement shall be governed by, and construed in accordance with, the Laws of the State of Florida.
12. Export Restrictions. This sale concerns PRODUCT(S) and/or technical data that may be controlled under U.S. Export Administration Regulations and may be subject to the approval of the U.S. department of Commerce prior to export. Any export or re-export by the PURCHASER directly or indirectly in contravention of the U.S. Export Administration Regulations is prohibited.
13. Installation. Unless otherwise expressly stipulated, the PRODUCT(S) shall be installed at the expense of Distributor. If IDSI's invoice or sale includes installation of the Products, the Distributor shall be responsible for the following at the Distributor's sole expense and risk:
(a) The provision of adequate and lockable storage on or near the installation site for the Products in order to ensure protection against theft and any damage or deterioration. Any item lost or damaged during the storage period shall be repaired or replaced at the Distributor's expense.
(b) The availability on or near the installation site of adequate and lockable rooms equipped with sanitary installations, for personnel of IDSI or representatives and for the storage of the personnel's tools and instruments.
(c) The timely execution and completion of the preparatory works, in conformity with any requirements that IDSI shall indicate to the Distributor in due time. The site preparation shall be in compliance with all safety, electrical and building codes relevant to the Products and their installation. Sufficiency of such plans and specifications, specifically including, but not limited to the accuracy of the dimensions described therein, shall be the sole responsibility of Distributor. The installation site shall be made available to IDSI or its representative without obstacles in due time to start the installation work at the scheduled date; installation personnel shall not be called upon the installation site until all preparatory work has been, in the sole opinion of IDSI, satisfactorily completed.
(d) The timely provision of the permits and licenses required by the pertinent authorities for or in connection with the installation and the operation of the Products.
(e) The timely provision of all visa, entry, exit, residence, work or any other permits necessary for IDSI or its representative's personnel and for the import and export of tools, equipment, Products and materials necessary for the installation works and subsequent testing.
(f) The assistance to IDSI or its representatives, with respect to moving the Product from the entrance of the Distributor's premises to the installation site. The Distributor shall be responsible, at its expense, for rigging, the removal of partitions or other obstacles, and restoration work. IDSI assumes that no hazardous material exists at the installation site. If any such material exists, the Distributor shall be responsible for the proper removal and disposal of the material at the Distributor's expense.
In case any or all of the above conditions are not properly or timely complied with, or IDSI's representatives have to interrupt the installation and subsequent testing for reasons not attributable to IDSI, the period of completion shall be extended accordingly and any and all additional costs resulting there from shall be the Distributor's responsibility IDSI NEITHER ASSUMES LIABILITY NOR OFFERS ANY WARRANTY FOR THE FITNESS OR ADEQUACY OF THE PREMISES OR THE UTILITIES AVAILABLE AT THE PREMISES IN WHICH THE PRODUCT IS TO BE INSTALLED, USED OR STORED.
14. Acceptance
In the event IDSI is the installer, IDSI shall notify the Distributor when the Products installed will be ready for testing and acceptance by the PURCHASER/END USER, inviting the Distributor to attend the standard tests or such tests as may have been agreed upon in writing to demonstrate compliance with the agreed specifications and/or to inspect the installation work.
If the Distributor's representative fails to attend the testing on the date notified, IDSI or its representative will commence with the tests according to IDSI standard test procedures and these tests shall be considered performed in the presence of the Distributor's inspector and acceptance shall in such case take place on the basis of the results stated in the test certificate signed by the PURCHASER/END USER.
Should the PURCHASER/END USER reject the Products as a result of defects in design, material and workmanship, the PURCHASER/END USER must notify IDSI in writing within ten (10) days after said testing IDSI shall immediately repair or Replace the PRODUCTS, at IDSI's discretion, and the relevant portions of the acceptance test shall be repeated within a reasonable period of time subject to the procedures outlined above.
If IDSI has not received the acceptance certificate within ten (10) days after completion of the acceptance test, the Products installed shall be considered as having been accepted by the Distributor.
Minor defects or deviations not affecting the operational use of the Products installed shall be stated in the acceptance certificate, but shall not obstruct or suspend acceptance. IDSI will remedy such defects as soon as possible.
15. FORCE MAJEURE. If the performance hereof or any obligation hereunder, except the making of payments hereunder, is prevented, restricted or interfered with by reason by fire, flood, earthquake, explosion or other casualty or accident; strikes or labor disputes; inability to procure parts, supplies or power; war or other violence; any law, order, proclamation, regulation, ordinance, demand or requirement of any government agency; or any other or condition whatsoever beyond the reasonable control of the affected party, the party so affected, upon giving prompt notice to the other party, shall be excused from such performance to the extent of such prevention, restriction or interference; provided, however, that the party so affected shall take all reasonable steps to avoid or remove such causes of nonperformance and shall resume performance hereunder with dispatch whenever such causes are removed.

EXHIBIT A

IMAGING DIAGNOSTIC SYSTEMS, INC.
a Florida corporation

CERTIFICATE OF DESIGNATIONS, RIGHTS AND PREFERENCES

OF

SERIES M CONVERTIBLE PREFERRED STOCK

Pursuant to the Florida Business Corporation Act, the undersigned, being an officer of Imaging Diagnostic Systems, Inc., a Florida corporation (the ***"Corporation"***), does hereby certify that the following resolution was adopted by the Corporation's board of directors (the ***"Board"***) authorizing the creation and issuance of shares of Series M Convertible Preferred Stock:

RESOLVED, that pursuant to authority expressly granted to and vested in the Board by the Certificate of Incorporation, as amended, of the Corporation, the Board hereby creates **600** shares of Series M Convertible Preferred Stock of the Corporation and authorizes the issuance thereof, and hereby fixes the designation thereof, and the voting powers, preferences and relative, participating, optional and other special rights, and the qualifications, limitations or restrictions thereon (in addition to the designation, preferences and relative, participating and other special rights, and the qualifications, limitations or restrictions thereof, set forth in the Articles of Incorporation, as amended, of the Corporation, which are applicable to the preferred stock, if any) as follows:

1. **Designation**. The series of preferred stock shall be designated and known as "Series M Convertible Preferred Stock" (the ***"Series M Preferred Stock"***). The number of shares constituting the Series M Preferred Stock shall be 600. The original purchase price/stated amount of each share of Series M Preferred Stock shall be $10,000. The Series M Preferred Stock shall rank senior to all other series of stock of the Corporation, except for Series L Preferred Stock, which shall have equal rank with the Series M Preferred Stock.

2. **Conversion Rights**. The Series M Preferred Stock shall be convertible, without the payment of any additional consideration by a Holder, into the common stock, no par value, of the Corporation (***"Common Stock"***) as follows:

(a) Optional Conversion. Subject to and upon compliance with the provisions of this Section 2(a), a holder of any shares of the Series M Preferred Stock (a ***"Holder"***) shall have the right, at such Holder's option, to convert any of such shares of the Series M Preferred Stock held by the Holder into fully paid and non-assessable shares of the Common Stock at the then Conversion Rate (as defined herein).

(b) Conversion Rate. Each share of the Series M Preferred Stock is convertible into 147,282,723.12 shares of the Common Stock (the ***"Conversion Rate"***), subject to adjustments as set forth in Section 2(d) hereof.

(c) Mechanics of Conversion.

(i) The Holder may exercise the conversion right specified in Section 2(a) by giving written notice to the Corporation at any time that the Holder elects to convert a stated number of shares of the Series M Preferred Stock into a stated number of shares of Common Stock and by surrendering the certificate or certificates representing the Series M Preferred Stock to be converted or a Lost Certificate Affidavit (as defined below) therefore, duly endorsed to the Corporation or in blank, to the Corporation at its principal office (or at such other office as the Corporation may designate by written notice, postage prepaid, to all Holders) at any time during its usual business hours, together with a statement of the name or names (with addresses) of the person or persons in whose name the certificate or certificates for Common Stock shall be issued. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of surrender of the shares of Series M Preferred Stock to be converted, and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock on such date.

(ii) No fractional shares of Common Stock shall be issued upon conversion of the Series M Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the then fair market value of a share of Common Stock as determined by the Board of Directors. For such purpose, all shares of Series M Preferred Stock held by each holder of Series M Preferred Stock shall be aggregated, and any resulting fractional share of Common Stock shall be paid in cash.

(d) Conversion Rate Adjustments. The Conversion Rate shall be subject to adjustment from time to time as follows:

(i) *Consolidation, Merger, Sale, Lease or Conveyance.* In case of any consolidation or merger of the Corporation with or into another corporation where the Corporation is not the surviving entity, or in case of any sale, lease or conveyance to another corporation of all or substantially all the assets of the Corporation, each share of the Series M Preferred Stock shall after the date of such consolidation, merger, sale, lease or conveyance be convertible into, in lieu of the number of shares of Common Stock which the Holders would otherwise have been entitled to receive, the number of shares of stock or other securities or property (including cash) to which the Common Stock issuable (at the time of such consolidation, merger, sale, lease or conveyance) upon conversion of such share of the Series M Preferred Stock would have been entitled upon such consolidation, merger, sale, lease or conveyance; and in any such case, if necessary, the provisions set forth herein with respect to the rights and interests thereafter of the Holder of the shares of the Series M Preferred Stock shall be appropriately adjusted so as to be applicable, as nearly as may reasonably be, to any shares of stock or other securities or property thereafter deliverable on the conversion of the shares of the Series M Preferred Stock.

(ii) *Stock Dividends, Subdivisions, Reclassification, or Combinations.* If the Corporation shall (i) declare a dividend or make a distribution on its Common Stock in shares of its Common Stock, (ii) subdivide or reclassify the outstanding shares of Common Stock into a greater number of shares, or (iii) combine or reclassify the outstanding Common Stock into a smaller number of shares; the Conversion Rate in effect at the time of the record date for such dividend or distribution or the effective date of such subdivision, combination, or reclassification shall be proportionately adjusted so that the Holder of any shares of the Series M Preferred Stock surrendered for conversion after such date shall be entitled to receive the number of shares of Common Stock that he would have owned or been entitled to receive had such Series M Preferred Stock been converted immediately prior to such date. Successive adjustments in the Conversion Rate shall be made whenever any event specified above shall occur. If the Corporation shall subdivide (by stock split, by payment of a stock dividend or otherwise) the outstanding shares of Series M Preferred Stock, into a greater number of shares of Series M Preferred Stock, the Conversion Rate of the Series M Preferred Stock in effect immediately prior to such subdivision shall, concurrently with the effectiveness of such subdivision, be proportionately decreased. In the event the outstanding shares of Series M Preferred Stock shall be combined (by reclassification or otherwise) into a lesser number of shares of Series M Preferred Stock, the Conversion Rate of the Series M Preferred Stock in effect immediately prior to such combination shall, concurrently with the effectiveness of such combination, be proportionately increased.

(iii) *Excluded Transactions.* No adjustment to the Conversion Rate shall be required under this Section 2(d) in the event of the issuance of: (i) shares of Common Stock by the Corporation upon the conversion or exercise of or pursuant to any outstanding stock options or stock option plan now existing or hereafter approved by the Holders (***"Stock Option Plans"***); (ii) shares of Common Stock issued upon the exercise or conversion of options, warrants or other convertible securities outstanding as of the date of the filing of this Certificate of Designation, Rights and Preferences; or (iii) shares of Common Stock issued or issuable as a dividend or distribution on the Series M Preferred Stock or pursuant to any event for which adjustment is made pursuant to this Section 2(d)(i) or (d)(ii).

(iv) *Reservation, Validity of Common Stock.* The Corporation covenants that it will at all times reserve and keep available, free from preemptive or other preferential rights, restrictions, reservations, dedications, allocations, options, other warrants and other rights under any stock option, conversion, option or similar agreement, solely for the purpose of effecting the conversion of the shares of the Series M Preferred Stock, out of the aggregate of its authorized but unissued shares of Common Stock for the purpose of effecting conversion of the Series M Preferred Stock, the full number of shares of Common Stock deliverable upon the conversion of all outstanding Series M Preferred Stock not therefore converted; provided, however, that if there is not a sufficient amount of shares of authorized Common Stock, the Corporation will take any and all actions necessary, including but not limited to seeking shareholder approval, to amend its Articles of Incorporation to increase the amount of shares of Common Stock authorized for issuance as is necessary to provide for the full conversion of the Series M Preferred Stock. Before taking any action which would cause an adjustment in the Conversion Rate such that Common Stock issuable upon the conversion of Series M Preferred Stock would be issued in excess of the authorized Common Stock, the Corporation will take any corporate action which may, in the opinion of its counsel, be necessary

in order that the Corporation may validly and legally issue fully-paid and non assessable shares of Common Stock at such adjusted Conversion Rate. Such action may include, but it is not limited to, amending the Corporation's Articles of Incorporation to increase the number shares of authorized Common Stock.

(e) Approvals. If any shares of the Common Stock to be reserved for the purpose of conversion of shares of the Series M Preferred Stock require registration with or approval of any governmental authority under any Federal or state law before such shares may be validly issued or delivered upon conversion, then the Corporation will in good faith and as expeditiously as possible endeavor to secure such registration or approval, as the case may be. If, and so long as, any Common Stock into which the shares of the Series M Preferred Stock are then convertible is listed on any national securities exchange, the Corporation will, if permitted by the rules of such exchange, list and keep listed on such exchange, upon official notice of issuance, all shares of such Common Stock issuable upon conversion.

(f) Valid Issuance. All shares of Common Stock that may be issued upon conversion of shares of the Series M Preferred Stock will upon issuance be duly and validly issued, fully paid and non-assessable and free from all taxes, liens and charges with respect to the issuance thereof, and the Corporation shall take no action that will cause a contrary result.

3. Redemption at the Holders' Option.

Any shares of Series M Preferred Stock which remain outstanding on December 31, 2017, may be redeemed at the option of the Holders requesting same, in which case the Corporation shall pay with respect to each redeemed share an amount equal to the stated amount plus all accrued but unpaid dividends. Any Holder electing to exercise this option shall deliver to the Company written notice of exercise together with his original Series M Preferred Stock certificate. The redemption amount shall be paid in three equal installments, with the first due 10 days after delivery of the notice of exercise and the second and third installments due one and two years, respectively, after the due date of the first installment.

4. Dividends.

(a) The Holders of the Series M Preferred Stock shall be entitled to receive, out of funds legally available therefore, cumulative dividends at the fixed rate of 9.00% of the stated value per share per annum, payable in preference and priority to any payment of any cash dividend on Common Stock or any other shares of capital stock of the Company junior in priority to the Series M Preferred Stock (such Common Stock and other inferior stock being collectively referred to as "***Junior Stock***"), when and as declared by the Board of Directors of the Company.

(b) Such dividends shall be payable on December 31 of each year and on the Redemption Date. Dividends may be payable (i) in cash or (ii) except with respect to dividends payable pursuant to section 4(d) below, at the Company's option, in shares of duly authorized and otherwise unreserved Common Stock based upon the weighted average closing bid price for the Common Stock for the 20 trading days immediately preceding the dividend payment date in

which the Common Stock had trading volume as quoted on the OTC QB or PINK or other principal market on which the Common Stock is traded.

(c) Such dividends shall accrue with respect to each share of Series M Preferred Stock from the date on which such share is issued and outstanding and thereafter shall be deemed to accrue from day to day whether or not earned or declared and whether or not there exists profits, surplus or other funds legally available for the payment of dividends, and shall be cumulative so that if such dividends on the Series M Preferred Stock shall not have been paid, or declared and set apart for payment, the deficiency shall be fully paid or declared and set apart for payment before any dividend shall be paid or declared or set apart for any Junior Stock and before any purchase or acquisition of any Junior Stock is made by the Company.

(d) At the earlier of: (i) the redemption of the Series M Preferred Stock; or (ii) the liquidation, sale or merger of the Company, any accrued but undeclared dividends shall be paid to the Holders of record of outstanding shares of Series M Preferred Stock. Each such dividend shall be paid in cash and mailed to the Holders of record of the Series M Preferred Stock as their names and addresses appear on the share register of the Company or at the office of the transfer agent on the corresponding dividend payment date.

5. Liquidation.

a Liquidation Preference. In the event of liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary (a ***"Liquidation Event"***), the Holders of the Series M Preferred Stock shall be entitled to receive, prior and before any distribution of assets shall be made to the holders of any Common Stock or other class of capital stock or other equity securities of the Corporation, an amount equal to $10,000 per share of Series M Preferred Stock held by such Holder plus accrued but unpaid dividends (the ***"Liquidation Pay Out"***). After payment of the Liquidation Pay Out to each Holder and the payment of the respective liquidation preferences of the other preferred stock of the Corporation, if any, the Series M Preferred Stock shall be deemed to have been converted to Common Stock and the entire remaining assets of the Corporation available for distribution shall be distributed pro rata to holders of the Common Stock of the Corporation and the former Holders of Series M Preferred Stock in proportion to the number of shares of Common Stock held by them or into which the Series M Preferred Stock shall be deemed to have been converted.

b Ratable Distribution. If upon any liquidation, dissolution or winding up of the Corporation, the net assets of the Corporation to be distributed among the Holders shall be insufficient to permit payment in full to the Holders of such Series M Preferred Stock, then all remaining net assets of the Corporation after the provision for the payment of the Corporation's external, third party debts shall be distributed ratably in proportion to the full amounts to which they would otherwise be entitled to receive among the Holders. Shares of Series M Preferred Stock shall not be entitled to be converted into shares of Common Stock in order to participate in any distribution, or series of distributions, as shares of Common Stock, without first foregoing participation in such distribution, or series of distributions, as shares of Series M Preferred Stock.

c Merger, Reorganization or Sale of Assets. For purposes of this Section 5, (i) any acquisition of the Corporation by means of merger, tender offer, stock purchase or other

form of corporate reorganization or transaction in which outstanding shares of the Corporation are exchanged for securities or other consideration issued, or caused to be issued, by the acquiring corporation or its subsidiary (other than a transaction or series of related transactions in which the holders of the voting securities of the Corporation outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of transactions, as a result of shares in the Corporation held by such holders prior to such transaction, at least a majority of the total voting power represented by the outstanding voting securities of the Corporation or such other surviving or resulting entity (or if the Corporation or such other surviving or resulting entity is a wholly-owned subsidiary immediately following such acquisition, its parent)) or (ii) a sale of all or substantially all of the assets of the Corporation, shall be treated as a Liquidation Event of the Corporation and shall entitle the holders of Series M Preferred Stock to receive at the closing in cash, securities or other property amounts as specified in Section 5(a) above. Whenever the distribution provided for in this Section 5 shall be payable in assets other than cash, the value of such distribution shall be the fair market value of such securities or other property as determined in good faith by the Board, except that any publicly-traded securities to be distributed to stockholders in a liquidation, dissolution, or winding up of the Corporation shall be valued as follows:

i if the securities are then traded on a national securities exchange, then the value of the securities shall be deemed to be the average of the closing prices of the securities on such exchange over the 10 trading day period ending five trading days prior to the distribution;

ii if the securities are actively traded over-the-counter, then the value of the securities shall be deemed to be the average of the closing bid prices of the securities over the 10 trading day period ending five trading days prior to the Distribution.

In the event of a merger or other acquisition of the Corporation by another entity, the Distribution date shall be deemed to be the date such transaction closes. For the purposes of this subsection 5(c), "trading day" shall mean any day which the exchange or system on which the securities to be distributed are traded is open and "closing prices" or "closing bid prices" shall be deemed to be: (i) for securities traded primarily on the New York Stock Exchange, the American Stock Exchange or a Nasdaq market, the last reported trade price or sale price, as the case may be, at 4:00 p.m., New York time, on that day and (ii) for securities listed or traded on other exchanges, markets and systems, the market price as of the end of the regular hours trading period that is generally accepted as such for such exchange, market or system. If, after the date hereof, the benchmark times generally accepted in the securities industry for determining the market price of a stock as of a given trading day shall change from those set forth above, the fair market value shall be determined as of such other generally accepted benchmark times.

6. **Voting Rights.**

(a) The holders of Preferred Stock and the holders of Common Stock shall have identical voting rights and shall vote together and not as separate classes.

(b) Other than as provided herein or required by law, there shall be no series voting.

(c) The Holders of the Series M Preferred Stock shall be entitled to vote at any meeting of stockholders of the Corporation (or any written actions of stockholders in lieu of meetings) with respect to any matters presented to the stockholders of the Corporation for their action or consideration. For the purposes of such stockholder votes, each share of Series M Preferred Stock shall be entitled to one vote for each share of Common Stock such share of Series M Preferred Stock could then be converted into at the record date set for such voting. For purposes of determining the voting rights of the Holders of the Series M Preferred Stock, any share of Common Stock into which a share of Series M Preferred Stock could be converted that is not authorized or outstanding, but is subject to issuance upon exercise of conversion hereunder, shall be deemed to be outstanding. Fractional votes shall not, however, be permitted and any fractional voting rights resulting from the above formula (after aggregating all shares into which shares of Series M Preferred Stock held by each holder could be converted), shall be disregarded. The Holders of shares of Series M Preferred Stock shall be entitled to notice of any stockholders' meeting in accordance with the bylaws of the Corporation.

(d) Notwithstanding anything stated to the contrary, so long as any shares of Series M Preferred Stock remain outstanding, the Corporation shall not (and shall not cause or permit any of its material Subsidiaries to), by amendment, merger, consolidation or otherwise, without first obtaining the approval of the holders of at least a majority of the then outstanding shares of Series M Preferred Stock: (i) alter or change the rights, preferences or privileges of the Series M Preferred Stock as outlined herein; (ii) create any new class or series of capital stock (or securities convertible into or exercisable therefore) (1) having parity with or a preference over the Series M Preferred Stock as to the payment of dividends or the distribution of assets upon the occurrence of a Liquidation Event or (2) that are otherwise on parity or superior to the Series M Preferred (***"Senior Securities"***); (iii) alter or change the rights, preferences or privileges of any Senior Securities so as to adversely affect the Series M Preferred Stock; (iv) enter into a contract for a sale by the Corporation (or any material subsidiary thereof) of a material portion of the assets or equity of the Corporation or such subsidiary whether effected by a merger, consolidation or other transaction; (vi) amend the Corporation's articles of incorporation, bylaws or this Certificate (as defined below); (vii) declare or pay dividends or redeem any equity securities of the Corporation or any material subsidiary thereof (other than dividends payable on, or redemption of, the Series M Preferred Stock); (viii) issue additional shares of Common Stock or Series M Preferred Stock (except in connection with the conversion of the Series M Preferred Stock) or any security convertible or exercisable into Common Stock or Series M Preferred Stock; or (ix) effect a Liquidation Event as described in Section 5(a) or 5(c).

7. **Exclusion of Other Rights**. Except as may otherwise be required by law, the shares of the Series M Preferred Stock shall not have any preferences or relative, participating, optional or other special rights, other than those specifically set forth in this Certificate (as defined below) (as such Certificate may be amended from time to time) and in the Corporation's Articles of Incorporation, as amended.

8. **Headings of Subdivisions**. The headings of the various subdivisions hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

9. **Severability of Provisions**. If any right, preference or limitation of the Series M Preferred Stock set forth in this certificate of designations, rights and preferences (***"Certificate"***) (as such Certificate may be amended from time to time) is invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, all other rights, preferences and limitations set forth in this Certificate (as so amended) which can be given effect without the invalid, unlawful or unenforceable right, preference or limitation shall, nevertheless, remain in full force and effect, and no right, preference or limitation herein set forth shall be deemed dependent upon any other such right, preference or limitation unless so expressed herein.

10. **Status of Reacquired Shares**. No shares of the Series M Preferred Stock which have been issued and reacquired in any manner or converted into Common Stock may be reissued, and all such shares shall be returned to the status of undesignated shares of preferred stock of the Corporation.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be signed in its name and on its behalf by its Chief Executive Officer this ____ day of July, 2014.

By:_____
Name: Richard J. Grable II
Title: President

EXHIBIT B

July ___, 2014

Viable International Investments LLC

[redacted]

Attention: _____

RE: Preferred Stock Purchase Agreement, dated as of even date herewith ("***Purchase Agreement***"), between Imaging Diagnostic Systems Inc., a Florida corporation (the "***Company***") and Viable International Investments LLC, a Florida limited liability company (the "***Purchaser***")

Ladies and Gentlemen:

We have served as counsel to the Company in connection with the transactions contemplated by the Purchase Agreement. Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Purchase Agreement.

As counsel to the Company, we have examined originals or copies, certified or otherwise identified to our satisfaction, of the following documents (collectively the "***Primary Documents***"), in order to give our opinions to you, as hereafter set forth:

Purchase Agreement;

Certificate of Designations, Rights and Preferences of the Company's Series M Convertible Preferred Stock ("***Certificate of Designations***");

Closing Certificate of the Company dated as of July ___,2014;

Certificate of Secretary of the Company dated as of July ___,2014;

Certificate of Active Status as to the Company issued by the Secretary of State of the State of Florida on July ___,2014;

Articles of Amendment of the Articles of Incorporation of the Company, certified by the Secretary of State of the State of Florida on July ___,2014; and

Resolutions of the Board of Directors of the Company, as certified by the Secretary of the Company on July ___,2014.

In addition to the above, we have reviewed such other documents, certificates, instruments and agreements as in our judgment are necessary or appropriate to enable us to render this opinion. In addition, we have conducted such other inquiries and examinations as we deem necessary and appropriate for rendering this opinion.

In rendering this opinion, you have authorized us to assume, and we have therefore assumed, without undertaking any independent investigation, verification, or research of any kind that:

all persons or entities (collectively, "***Persons***"), other than the Company, executing the Primary Documents on behalf of all parties thereto have the legal capacity to execute such documents;

all copies of instruments examined by us are true and correct copies of the originals thereof, all documents submitted to us as originals are authentic, and all signatures thereon are genuine;

the power and authority of each Person, other than the Company, to execute, deliver and perform the Primary Documents;

the legality, validity and, binding effect as to each Person of the Primary Documents;

the authorization, execution and delivery by each Person, other than the Company or individuals acting on behalf of the Company, of the Primary Documents;

that there has been no prior waiver of any right or remedy contained in the Primary Documents;

that the addressee has acted in good faith, without notice or knowledge of adverse claims, and has complied with all laws applicable to it that affect the transactions under the Primary Documents;

that the transactions under the Primary Documents comply with all tests of good faith, fairness, and conscionability required by law;

that no action, discretionary or otherwise, will be taken by or on behalf of any party to the Primary Documents in the future that might result in a violation of law;

that there are no other agreements or understandings among the parties that would modify the terms of the Primary Documents or the respective rights or obligations of the parties to the Primary Documents;

that with respect to the Primary Documents and the transactions described therein, there has been no mutual mistake of fact, fraud (whether actual or constructive) or duress;

that the laws of any jurisdiction, other than the State of Florida, which govern the formation and authorization of the Company, are identical to the laws of the State of Florida; and

the members of the board of directors of the Company, in evaluating and approving the transactions contemplated by the Primary Documents, have satisfied their fiduciary duties.

For purposes of this letter, we have not undertaken any search of public records in any jurisdiction.

In connection with rendering our opinion, you have specifically authorized us to rely upon and assume as accurate and complete, and we therefore have relied upon and assumed to be accurate and complete, the following as they relate to any facts material to the opinions expressed below, without any independent investigation, research, or verification of any kind by us: (i) the representations and warranties of the Company contained in the Primary Documents, (ii) certificates of public officials, and (iii) statements and representations of the officers and other representatives of the Company as they relate to any facts material to the opinions expressed below.

Whenever any of our opinions herein is stated to be "to our knowledge", or words or phrases of similar meaning, it shall mean that there is nothing in the current conscious awareness of Robert B. Macaulay, who constitute the only attorney of this firm who has had substantial participation in our firm's representation of the Company in connection with the transactions contemplated by the Purchase Agreement, that would lead such attorney to conclude that such opinion is not correct. Except to the extent expressly set forth herein, neither this firm nor such attorney has undertaken any independent verification, investigation, or research of any kind to determine the existence or absence of such facts, and no inference as to this firm's or such attorney's knowledge of the existence or absence of such facts should be drawn from such representation of the Company.

When we refer to the transactions contemplated by the Primary Documents (the "Transactions"), our opinion is limited to the establishment, authorization, sale and issuance of the Series M Preferred Stock and no opinion is expressed regarding the right to convert the Series M Preferred Stock to common shares.

Based solely on the foregoing, and in reliance thereon, and subject to the assumptions, limitations, and exceptions set forth herein, we are of the opinion that:

The Company is a corporation organized under Florida law, and its company status is active.

The Company has been authorized by all necessary corporate action to execute, deliver and perform the Primary Documents to which it is a party.

The Primary Documents to which the Company is a party have been duly executed and delivered by the Company and constitute the legal, valid and binding obligations of the Company, enforceable in accordance with their respective terms, subject to the following:

(a) limitations imposed by laws relating to bankruptcy, fraudulent transfer, moratorium, insolvency, reorganization or similar laws from time to time in effect related to or affecting the enforcement of creditors' rights generally, including, without limitation, judicially-developed doctrines relevant to any of the foregoing laws;

(b) the availability of equitable remedies, including, without limitation, specific performance and injunctive relief, which are subject to the discretion of the court where any proceeding may be brought;

(c) limitations imposed by state or federal laws and decisions which may affect some of the self-help and other remedies specified therein;

(d) other court decisions holding, under the circumstances in a particular case, restrictive covenants or other provisions similar to those in the Primary Documents unenforceable because they are found to be unconscionable, to permit improper self-help, or to violate implied covenants of good faith and fair dealing, or other reasons;

(e) court decisions finding provisions in any of the Primary Documents purporting to permit service of process by certified mail, return receipt requested, unenforceable as a means of obtaining personal jurisdiction;

(f) limitations on the enforceability of powers of attorney;

(g) rights to indemnity and contribution under the Primary Documents may be limited by federal or state laws or the public policy underlying such laws, and that the enforceability of rights to indemnification and contribution under such agreements may be limited by applicable laws or the public policy underlying such laws;

(h) limitations on the enforceability of forfeiture or liquidated damages provisions; and

(i) limitations based on the requirement of shareholder approval for an increase in the Company's authorized common stock sufficient to allow the conversion of the Series M Preferred Stock.

The shares of Preferred Stock to be issued pursuant to the Purchase Agreement have been duly and validly authorized and, subject to the Company's filing of the Certificate of Designations with the Secretary of State of the State of Florida and the Company's receipt of consideration therefor pursuant to the Purchase Agreement, are validly issued, fully paid and nonassessable; provided, however, that (i) the Company will not be able to convert more than 69 shares of the Preferred Stock until the Company's shareholders approve articles of amendment to the Company's articles of incorporation increasing the Company's authorized Common Stock

to provide sufficient conversion shares, and (ii) upon Purchaser's acquisition of shares with 78.9% of the Company's voting rights through the purchase of 250 shares of the Preferred Stock at the First Closing, an increase in the Company's authorized Common Stock may be accomplished pursuant to a majority shareholder written consent executed by Purchaser followed by the filing of an information statement in accordance with SEC regulations. Apart from the majority shareholder written consent, no annual or special meeting of shareholders or other Company shareholder approval will be required for the increase in the Company's authorized Common Stock or for the authorization of the transactions contemplated by the Purchase Agreement.

To our knowledge, no litigation, investigation, claim, criminal prosecution, civil investigative demand, imposition of criminal or civil liens, fines or penalties, or any other proceeding of or before any court, arbitrator or any local, state or federal governmental authority or agency is pending or threatened which, if adversely determined, might affect or bring into question the validity or enforceability of the Primary Documents or the Transactions contemplated thereby, or which would have a material and adverse effect on the business, assets or financial condition of the Company, other than as disclosed in the Company's public filings with the Securities and Exchange Commission or in the Purchase Agreement.

Neither the execution or performance by the Company of the Primary Documents, nor the consummation of the Transactions contemplated therein, will violate any provision of law or of the Company's articles of incorporation or its by-laws as amended to the date hereof, or to our knowledge violate or be in conflict with, result in a breach of, or constitute a default under, or result in the creation or imposition of a lien pursuant to, any agreement or other instrument to which the Company is a party or by which it or any of its properties is bound, or any order, writ, injunction or decree of any court or governmental instrumentality which violation, conflict, breach or default would have a material adverse effect on the Company.

Except for the filing of the Certificate of Designations with the Florida Secretary of State, no registration with or approval of, or any other action by, any federal, state or other governmental commission or regulatory body or any non-governmental third party is required in connection with the execution, delivery and performance of the Primary Documents and the consummation of the transactions contemplated thereby. In particular, no approval of the Company's shareholders is required for such transactions.

The opinions set forth above are subject to the following exceptions and qualifications:

(i) We express no opinion as to any matter not specifically addressed in this opinion; and

(ii) We are members of the bar of the State of Florida, and we express no opinion under the laws of any state or jurisdiction other than the laws of the State of Florida and the federal laws of the United States of America.

This opinion is limited to the law in effect as of the date hereof and is intended solely for your benefit and may not be used or relied upon by any other person or entity, or in connection with any other transaction, without our prior written consent.

Very truly yours,

CARLTON FIELDS JORDEN BURT

By:_____
Robert B. Macaulay

D'Arelli Pruzansky, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

June 30, 2014

Board of Directors
Imaging Diagnostic Systems, Inc.
1291-B NW 65th Place
Fort Lauderdale, FL 33309-1942

To the Board of Directors:

We are pleased to confirm our understanding of the services we are to provide for Imaging Diagnostic Systems, Inc. ("the Company") for the year ended June 30, 2014.

We will audit the balance sheet of the Company as of June 30, 2014, and the related statements of operations, stockholders' equity, and cash flows for the year then ended. Based on our audit, we will issue a written report on the Company's financial statements, all of which are to be included in the annual reports (Form 10-Ks) proposed to be filed by the Company under the Securities Exchange Act of 1934.

Audit Objective
The objective of an audit of the financial statements is the expression of an opinion on the financial statements. Accordingly, the objective of our audit is the expression of an opinion about whether the Company's financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States.

We are responsible for conducting our audit of the financial statements in accordance with the standards established by the Public Company Accounting Oversight Board (PCAOB). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Because our audit is designed to provide reasonable but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is some risk that material misstatements of the financial statements may exist and not be detected by us. Although not absolute assurance, reasonable assurance is a high level of assurance. Also, a financial statement audit is not designed to detect error or fraud that is immaterial to the financial statements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements.

If circumstances arise in which it is necessary for us to modify the opinion in our report or to include an explanatory paragraph in our report, we will communicate the reasons for the modification or explanatory language and the revised wording of the report to management and the audit committee. If for any reason we are unable to complete our audit or are unable to form, or have not formed, an opinion, we retain the right to take any course of action permitted by professional standards or regulatory requirements, including declining to express an opinion or issue a report, or withdrawing from the engagement. In that circumstance, we will notify the audit committee and management.

Audit Procedures
Our audit of the financial statements will include tests of documentary evidence supporting the transactions recorded in the accounts, including tests of the physical existence of inventories and direct confirmation of certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. The audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. In connection with our audit of the financial statements, we will obtain an understanding of internal control sufficient to plan the audit and to determine the nature, timing, and extent of

EXHIBIT 4

audit procedures to be performed; however, an audit of the financial statements is not designed to provide assurance on internal control or to identify internal control deficiencies.

Our audit of the financial statements will also include reading the other information in the Company's annual report and considering whether other information in the annual report (including the manner of its presentation) is materially inconsistent with information in the financial statements. However, our audit will not include procedures to corroborate such other information. We are also required to read any document, including the annual report to shareholders and filings with the SEC, that contains or incorporates by reference our audit or interim review reports, or contains any reference to us.

At the conclusion of our audit, you agree to provide us with a letter that confirms certain representations made by management during the audit about the Company's financial statements and related matters.

Review of Unaudited Quarterly Financial Information
In conjunction with the annual audit, we will also perform reviews of the Company's unaudited quarterly financial information for the quarters and year-to-date periods ending September 30, 2014, December 31, 2014, and March 31, 2015, which are to be included in the quarterly reports (Form 10-Q) proposed to be filed by the Company under the Securities Exchange Act of 1934. For these quarters, we will perform reviews of that information before the Form 10-Q is filed. These reviews will be conducted in accordance with the standards of the PCAOB. The objective of a review of interim financial information is to provide a basis for communicating whether we are aware of any material modifications that should be made to the interim financial information for it to conform with U.S. generally accepted accounting principles. A review is substantially less in scope that an audit conducted in accordance with PCAOB standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we will not express an opinion on the Company's interim financial information.

A review of interim financial information consists principally of performing analytical procedures applied to financial data and making inquiries of persons responsible for financial and accounting matters. It includes obtaining sufficient knowledge of the Company's business and its internal control as it relates to the preparation of both annual and interim financial information (1) to identify the types of potential material misstatements in the interim financial information and consider the likelihood of their potential occurrence, and (2) to select the inquiries and analytical procedures that will provide a basis for communicating whether we are aware of any material modifications that should be made to the interim financial information for it to conform with U.S. generally accepted accounting principles.

A review does not contemplate tests of accounting records or internal controls, tests of responses to inquiries by obtaining corroborating evidence, or performing certain other procedures ordinarily performed in an audit. Thus, a review does not provide assurance that we will become aware of all significant matters that would be identified in an audit and cannot be relied on to detect errors, fraud, or illegal acts. Furthermore, given the limited nature of review procedures, we may not become aware of all matters that might affect judgments about qualitative aspects of the Company's accounting policies and procedures. Also, a review is not designed to provide assurance on internal control or to identify material weaknesses or significant deficiencies in internal control.

As agreed, we will not issue a written report on our review of the Company's interim financial information. However, if the Company refers to the interim financial information that we have reviewed when such information is included in documents issued to shareholders or third parties, including the SEC, we are required by professional standards to issue a written report on our review, which must accompany the interim financial information in the document.

If, for any reason, we are unable to complete our reviews or are unable to obtain or have not obtained limited assurance on the interim financial information, we will communicate the circumstances to the audit committee and management. At the conclusion of our reviews, you agree to provide us with a letter that confirms certain representations made by management about the Company's financial statements and related matters.

Auditor Responsibility to Communicate with the Audit Committee and Management
We will communicate to the audit committee and management of the Company, as appropriate, any errors, fraud, or other illegal acts (unless clearly inconsequential) that come to our attention during our audit. In the case of illegal acts that, in our judgment, would have a material effect on the financial statements, we are also required to follow procedures set forth in the Private Securities Litigation Reform Act of 1995, which, under certain

circumstances, requires us to communicate our conclusions to the SEC. While the objective of our audit of the financial statements is not to report on the Company's internal control and we are not obligated to search for material weaknesses or significant deficiencies as part of our audit of the financial statements, we will communicate in writing to the audit committee and management all material weaknesses and significant deficiencies relating to internal control over financial reporting identified while performing our audit. We will also communicate in writing to management all deficiencies in internal control over financial reporting that are of a lesser magnitude than significant deficiencies not previously communicated in writing by us or by others, including the Company's internal auditors. We will also inform the audit committee when we have communicated to management all internal control deficiencies. If we conclude that the audit committee's oversight of the Company's external financial reporting and internal control over financial reporting is ineffective, we will communicate that conclusion in writing to the Company's board of directors.

We are also responsible for communicating with the audit committee about certain other matters related to our audit, including (1) our audit responsibility under PCAOB standards; (2) information relating to our independence with respect to the Company; (3) an overview of our overall audit strategy, timing of the audit, and significant risks identified during our risk assessment procedures; (4) management's initial selection of, or changes in, significant accounting policies or the application of such policies, and the effect on the Company's financial statements or disclosures of significant accounting policies in controversial areas or areas for which there is a lack of authoritative guidance or consensus or diversity in practice; (5) the Company's critical accounting policies and practices, including the reasons certain policies and practices are considered critical and how current and anticipated future events might affect the determination of whether certain policies and practices are considered critical; (6) a description of the process management used to develop critical accounting estimates, management's significant assumptions used in critical accounting estimates that have a high degree of subjectivity, and any significant changes management made to the process used to develop critical accounting estimates or management's significant assumptions, including a description of management's reasons for the changes and the effects of the changes on the financial statements; (7) significant transactions outside of the normal course of the Company's business or that otherwise appear to be unusual due to their nature, timing, or size, along with the policies and practices used to account for significant unusual transactions, and our understanding of the business rationale for significant unusual transactions; (8) our evaluation of the quality of the Company's financial reporting; (9) corrected misstatements arising from our audit and the implications that such corrected misstatements might have on the Company's financial reporting process; (10) uncorrected misstatements aggregated during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate; (11) if applicable, our evaluation of the Company's ability to continue as a going concern; (12) difficult or contentious issues about which we consulted with others and that we believe are relevant to the audit committee's oversight of the financial reporting process; (13) disagreements with management about matters, whether or not satisfactorily resolved, that could be significant to the Company's financial statements or our report; (14) any concerns we may have related to significant auditing or accounting matters about which management has consulted with other accountants; (15) any issues discussed with management prior to our retention, including significant discussions regarding the application of accounting principles and auditing standards; (16) any significant difficulties encountered in performing the audit; and (17) other matters required to be communicated by PCAOB standards or that are significant to the oversight of the Company's financial reporting process.

Furthermore, we are responsible for providing a copy of the management representation letter to the audit committee if management has not done so, and for communicating to the audit committee other material written communications between the auditor and management.

In connection with our reviews of the Company's unaudited quarterly financial information, we will communicate to the audit committee and management any matters that come to our attention that we believe may require material modifications to the financial information to make it conform with accounting principles generally accepted in the United States. Further, we will communicate any significant deficiencies or material weaknesses that come to our attention.

Management Responsibilities

Management is responsible for the fair presentation of the Company's financial statements (including disclosures) in accordance with accounting principles generally accepted in the United States, for the selection and application of accounting principles, for making all financial records and relevant information available to us on a timely basis, and for the accuracy and completeness of that information. Management also agrees that we will have

unrestricted access to persons within the Company from whom we determine it necessary to obtain audit evidence and the full cooperation of Company personnel.

Management is also responsible for adjusting the financial statements to correct material misstatements relating to accounts or disclosures and affirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud and for identifying and ensuring that the Company complies with applicable laws and regulations, and for informing us of any known material violations of such laws and regulations that would have an effect that is material to financial statement amounts or disclosures.

Management is also responsible for establishing and maintaining effective internal control over financial reporting, including monitoring activities; notifying us of all deficiencies in the design or operation of internal control over financial reporting of which it has knowledge; and describing to us any fraud resulting in a material misstatement of the financial statements and any other fraud involving senior management or employees who have a significant role in the Company's internal control.

Management is responsible for the Company's interim financial information and for establishing and maintaining effective internal control over financial reporting. It is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities; making all financial records and related information available to us; adjusting the interim financial information to correct material misstatements; and affirming that the effects of any uncorrected misstatements pertaining to the periods under review are immaterial, both individually and in the aggregate, to the interim financial information taken as a whole.

Engagement Administration, Fees, and Other

Mitchell Pruzansky is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

If any dispute, controversy or claim arises in connection with the performance or breach of this agreement and cannot be resolved by facilitated negotiations (or the parties agree to waive that process) then such dispute, controversy or claim shall be settled by arbitration in accordance with the laws of the State of Florida and the then current Arbitration Rules for Professional Accounting and Related Disputes of the American Arbitration Association, except that no pre-hearing discovery shall be permitted unless specifically authorized by the arbitration panel, and shall take place in Palm Beach County, unless the parties agree to a different locale.

Such arbitration shall be conducted before a panel of three persons, one chosen by each party and the third selected by the two party-selected arbitrators. The arbitration panel shall have no authority to award non-monetary or equitable relief, and any monetary award shall not include punitive damages. The confidentiality provisions applicable to facilitated negotiation shall also apply to arbitration.

The award issued by the arbitration panel may be confirmed in a judgment by any federal or state court of competent jurisdiction. All reasonable costs of both parties, as determined by the arbitrators, including but not limited to (1) the costs, including reasonable attorneys' fees, of the arbitration; (2) the fees and expenses of the AAA and the arbitrators and (3) the costs, including reasonable attorneys' fees, necessary to confirm the award in court shall be borne entirely by the non-prevailing party (to be designated by the arbitration panel in the award) and may not be allocated between the parties by the arbitration panel.

We estimate that our fee for the audit services described above will be $38,000 and our fees for the review services described above will be $12,000 ($4,000 per quarterly review), for a total estimated engagement fee of $50,000. The fee estimates and completion of our work is based on anticipated cooperation from Company personnel; timely responses to our inquiries; timely communication of all significant accounting and financial matters; and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will keep Company management informed of any problems we encounter and our fees will be adjusted accordingly. We will require a retainer of $15,000 prior to commencement of fieldwork. Thereafter, our invoices for these fees will be rendered as work progresses and are payable on presentation.

Regarding electronic filings, management agrees that, before filing any document in electronic format with the SEC with which we are associated, we will be advised of the proposed filing on a timely basis. We will provide the Company a signed copy of our report and consent. These manually signed documents will serve to authorize the use of our name prior to the Company's electronic transmission. Management will provide us with a complete copy of the accepted document.

The Company may wish to include or incorporate by reference our audit report on these financial statements in other documents, such as a registration statement proposed to be filed under the Securities Act of 1933 or in some other securities offering. If so, you agree not to include our audit report or make reference to our Firm without our prior permission or consent. Any agreement to perform work in connection with an offering, including an agreement to provide permission or consent, will be a separate engagement.

Any additional services that may be requested and we agree to provide, will be the subject of separate arrangements.

The audit documentation for this engagement is the property of our firm and constitutes confidential information. However, we may be requested to make certain audit documentation available to the PCAOB, SEC, or other regulators pursuant to the authority given to them by law or regulation. If requested, access to such audit documentation will be provided under the supervision of firm personnel. Further, upon request, we may provide copies of selected audit documentation to the regulator. The regulator may intend, or decide, to distribute the copies or information contained therein to others, including other government agencies. We agree to communicate with you on a timely basis any requests by the PCAOB for access to audit documentation as part of its inspection process and when it desires direct contact with members of the audit committee.

We appreciate the opportunity to be of service and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

D'Arelli Pruzansky P.A.

D'Arelli Pruzansky, P.A.

RESPONSE:

This letter correctly sets forth the understanding of Imaging Diagnostic Systems, Inc.

Robert J. Gilbert II

For the Board of Directors

7/1/2014

Date

D'Arelli Pruzansky, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

June 12, 2014

Board of Directors
Imaging Diagnostic Systems, Inc.
1291-B NW 65th Place
Fort Lauderdale, FL 33309-1942

To the Board of Directors:

We are pleased to confirm our understanding of the services we are to provide for Imaging Diagnostic Systems, Inc. ("the Company") for the years ended June 30, 2013 and 2012.

We will audit the balance sheets of the Company as of June 30, 2013 and 2012, and the related statements of operations, stockholders' equity, and cash flows for the years then ended. Based on our audits, we will issue a written report on the Company's financial statements, all of which are to be included in the annual reports (Form 10-Ks) proposed to be filed by the Company under the Securities Exchange Act of 1934.

Audit Objective
The objective of an audit of the financial statements is the expression of an opinion on the financial statements. Accordingly, the objective of our audit is the expression of an opinion about whether the Company's financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States.

We are responsible for conducting our audit of the financial statements in accordance with the standards established by the Public Company Accounting Oversight Board (PCAOB). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Because our audit is designed to provide reasonable but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is some risk that material misstatements of the financial statements may exist and not be detected by us. Although not absolute assurance, reasonable assurance is a high level of assurance. Also, a financial statement audit is not designed to detect error or fraud that is immaterial to the financial statements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements.

If circumstances arise in which it is necessary for us to modify the opinion in our report or to include an explanatory paragraph in our report, we will communicate the reasons for the modification or explanatory language and the revised wording of the report to management and the audit committee. If for any reason we are unable to complete our audit or are unable to form, or have not formed, an opinion, we retain the right to take any course of action permitted by professional standards or regulatory requirements, including declining to express an opinion or issue a report, or withdrawing from the engagement. In that circumstance, we will notify the audit committee and management.

Audit Procedures
Our audits of the financial statements will include tests of documentary evidence supporting the transactions recorded in the accounts, including tests of the physical existence of inventories and direct confirmation of certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. The audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. In connection with our audit of the financial statements, we will obtain an understanding of internal control sufficient to plan the audit and to determine the nature, timing, and extent of

EXHIBIT
tabbies
5

audit procedures to be performed; however, an audit of the financial statements is not designed to provide assurance on internal control or to identify internal control deficiencies.

Our audit of the financial statements will also include reading the other information in the Company's annual report and considering whether other information in the annual report (including the manner of its presentation) is materially inconsistent with information in the financial statements. However, our audit will not include procedures to corroborate such other information. We are also required to read any document, including the annual report to shareholders and filings with the SEC, that contains or incorporates by reference our audit or interim review reports, or contains any reference to us.

At the conclusion of our audits, you agree to provide us with a letter that confirms certain representations made by management during the audit about the Company's financial statements and related matters.

Review of Unaudited Quarterly Financial Information

In conjunction with the annual audits, we will also perform reviews of the Company's unaudited quarterly financial information for the quarters and year-to-date periods beginning with the September 30, 2013 period and ending with the March 31, 2014 period, which are to be included in the quarterly reports (Form 10-Q) proposed to be filed by the Company under the Securities Exchange Act of 1934. For these quarters, we will perform reviews of that information before the Form 10-Q is filed. These reviews will be conducted in accordance with the standards of the PCAOB. The objective of a review of interim financial information is to provide a basis for communicating whether we are aware of any material modifications that should be made to the interim financial information for it to conform with U.S. generally accepted accounting principles. A review is substantially less in scope that an audit conducted in accordance with PCAOB standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we will not express an opinion on the Company's interim financial information.

A review of interim financial information consists principally of performing analytical procedures applied to financial data and making inquiries of persons responsible for financial and accounting matters. It includes obtaining sufficient knowledge of the Company's business and its internal control as it relates to the preparation of both annual and interim financial information (1) to identify the types of potential material misstatements in the interim financial information and consider the likelihood of their potential occurrence, and (2) to select the inquiries and analytical procedures that will provide a basis for communicating whether we are aware of any material modifications that should be made to the interim financial information for it to conform with U.S. generally accepted accounting principles.

A review does not contemplate tests of accounting records or internal controls, tests of responses to inquiries by obtaining corroborating evidence, or performing certain other procedures ordinarily performed in an audit. Thus, a review does not provide assurance that we will become aware of all significant matters that would be identified in an audit and cannot be relied on to detect errors, fraud, or illegal acts. Furthermore, given the limited nature of review procedures, we may not become aware of all matters that might affect judgments about qualitative aspects of the Company's accounting policies and procedures. Also, a review is not designed to provide assurance on internal control or to identify material weaknesses or significant deficiencies in internal control.

As agreed, we will not issue a written report on our review of the Company's interim financial information. However, if the Company refers to the interim financial information that we have reviewed when such information is included in documents issued to shareholders or third parties, including the SEC, we are required by professional standards to issue a written report on our review, which must accompany the interim financial information in the document.

If, for any reason, we are unable to complete our reviews or are unable to obtain or have not obtained limited assurance on the interim financial information, we will communicate the circumstances to the audit committee and management. At the conclusion of our reviews, you agree to provide us with a letter that confirms certain representations made by management about the Company's financial statements and related matters.

Auditor Responsibility to Communicate with the Audit Committee and Management

We will communicate to the audit committee and management of the Company, as appropriate, any errors, fraud, or other illegal acts (unless clearly inconsequential) that come to our attention during our audit. In the case of illegal acts that, in our judgment, would have a material effect on the financial statements, we are also required to follow procedures set forth in the Private Securities Litigation Reform Act of 1995, which, under certain

circumstances, requires us to communicate our conclusions to the SEC. While the objective of our audit of the financial statements is not to report on the Company's internal control and we are not obligated to search for material weaknesses or significant deficiencies as part of our audit of the financial statements, we will communicate in writing to the audit committee and management all material weaknesses and significant deficiencies relating to internal control over financial reporting identified while performing our audit. We will also communicate in writing to management all deficiencies in internal control over financial reporting that are of a lesser magnitude than significant deficiencies not previously communicated in writing by us or by others, including the Company's internal auditors. We will also inform the audit committee when we have communicated to management all internal control deficiencies. If we conclude that the audit committee's oversight of the Company's external financial reporting and internal control over financial reporting is ineffective, we will communicate that conclusion in writing to the Company's board of directors.

We are also responsible for communicating with the audit committee about certain other matters related to our audit, including (1) our audit responsibility under PCAOB standards; (2) information relating to our independence with respect to the Company; (3) an overview of our overall audit strategy, timing of the audit, and significant risks identified during our risk assessment procedures; (4) management's initial selection of, or changes in, significant accounting policies or the application of such policies, and the effect on the Company's financial statements or disclosures of significant accounting policies in controversial areas or areas for which there is a lack of authoritative guidance or consensus or diversity in practice; (5) the Company's critical accounting policies and practices, including the reasons certain policies and practices are considered critical and how current and anticipated future events might affect the determination of whether certain policies and practices are considered critical; (6) a description of the process management used to develop critical accounting estimates, management's significant assumptions used in critical accounting estimates that have a high degree of subjectivity, and any significant changes management made to the process used to develop critical accounting estimates or management's significant assumptions, including a description of management's reasons for the changes and the effects of the changes on the financial statements; (7) significant transactions outside of the normal course of the Company's business or that otherwise appear to be unusual due to their nature, timing, or size, along with the policies and practices used to account for significant unusual transactions, and our understanding of the business rationale for significant unusual transactions; (8) our evaluation of the quality of the Company's financial reporting; (9) corrected misstatements arising from our audit and the implications that such corrected misstatements might have on the Company's financial reporting process; (10) uncorrected misstatements aggregated during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate; (11) if applicable, our evaluation of the Company's ability to continue as a going concern; (12) difficult or contentious issues about which we consulted with others and that we believe are relevant to the audit committee's oversight of the financial reporting process; (13) disagreements with management about matters, whether or not satisfactorily resolved, that could be significant to the Company's financial statements or our report; (14) any concerns we may have related to significant auditing or accounting matters about which management has consulted with other accountants; (15) any issues discussed with management prior to our retention, including significant discussions regarding the application of accounting principles and auditing standards; (16) any significant difficulties encountered in performing the audit; and (17) other matters required to be communicated by PCAOB standards or that are significant to the oversight of the Company's financial reporting process.

Furthermore, we are responsible for providing a copy of the management representation letter to the audit committee if management has not done so, and for communicating to the audit committee other material written communications between the auditor and management.

In connection with our reviews of the Company's unaudited quarterly financial information, we will communicate to the audit committee and management any matters that come to our attention that we believe may require material modifications to the financial information to make it conform with accounting principles generally accepted in the United States. Further, we will communicate any significant deficiencies or material weaknesses that come to our attention.

Management Responsibilities

Management is responsible for the fair presentation of the Company's financial statements (including disclosures) in accordance with accounting principles generally accepted in the United States, for the selection and application of accounting principles, for making all financial records and relevant information available to us on a timely basis, and for the accuracy and completeness of that information. Management also agrees that we will have

unrestricted access to persons within the Company from whom we determine it necessary to obtain audit evidence and the full cooperation of Company personnel.

Management is also responsible for adjusting the financial statements to correct material misstatements relating to accounts or disclosures and affirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud and for identifying and ensuring that the Company complies with applicable laws and regulations, and for informing us of any known material violations of such laws and regulations that would have an effect that is material to financial statement amounts or disclosures.

Management is also responsible for establishing and maintaining effective internal control over financial reporting, including monitoring activities; notifying us of all deficiencies in the design or operation of internal control over financial reporting of which it has knowledge; and describing to us any fraud resulting in a material misstatement of the financial statements and any other fraud involving senior management or employees who have a significant role in the Company's internal control.

Management is responsible for the Company's interim financial information and for establishing and maintaining effective internal control over financial reporting. It is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities; making all financial records and related information available to us; adjusting the interim financial information to correct material misstatements; and affirming that the effects of any uncorrected misstatements pertaining to the periods under review are immaterial, both individually and in the aggregate, to the interim financial information taken as a whole.

Engagement Administration, Fees, and Other

Mitchell Pruzansky is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

If any dispute, controversy or claim arises in connection with the performance or breach of this agreement and cannot be resolved by facilitated negotiations (or the parties agree to waive that process) then such dispute, controversy or claim shall be settled by arbitration in accordance with the laws of the State of Florida and the then current Arbitration Rules for Professional Accounting and Related Disputes of the American Arbitration Association, except that no pre-hearing discovery shall be permitted unless specifically authorized by the arbitration panel, and shall take place in Palm Beach County, unless the parties agree to a different locale.

Such arbitration shall be conducted before a panel of three persons, one chosen by each party and the third selected by the two party-selected arbitrators. The arbitration panel shall have no authority to award non-monetary or equitable relief, and any monetary award shall not include punitive damages. The confidentiality provisions applicable to facilitated negotiation shall also apply to arbitration.

The award issued by the arbitration panel may be confirmed in a judgment by any federal or state court of competent jurisdiction. All reasonable costs of both parties, as determined by the arbitrators, including but not limited to (1) the costs, including reasonable attorneys' fees, of the arbitration; (2) the fees and expenses of the AAA and the arbitrators and (3) the costs, including reasonable attorneys' fees, necessary to confirm the award in court shall be borne entirely by the non-prevailing party (to be designated by the arbitration panel in the award) and may not be allocated between the parties by the arbitration panel.

We estimate that our fees for the audit services described above will be $53,000 and our fees for the review services described above will be $12,000, for a total estimated engagement fee of $65,000. The fee estimates and completion of our work is based on anticipated cooperation from Company personnel; timely responses to our inquiries; timely communication of all significant accounting and financial matters; and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will keep Company management informed of any problems we encounter and our fees will be adjusted accordingly. We will require a retainer of $20,000 prior to commencement of fieldwork. Thereafter, our invoices for these fees will be rendered as work progresses and are payable on presentation.

Regarding electronic filings, management agrees that, before filing any document in electronic format with the SEC with which we are associated, we will be advised of the proposed filing on a timely basis. We will provide the

Company a signed copy of our report and consent. These manually signed documents will serve to authorize the use of our name prior to the Company's electronic transmission. Management will provide us with a complete copy of the accepted document.

The Company may wish to include or incorporate by reference our audit report on these financial statements in other documents, such as a registration statement proposed to be filed under the Securities Act of 1933 or in some other securities offering. If so, you agree not to include our audit report or make reference to our Firm without our prior permission or consent. Any agreement to perform work in connection with an offering, including an agreement to provide permission or consent, will be a separate engagement.

Any additional services that may be requested and we agree to provide, will be the subject of separate arrangements.

The audit documentation for this engagement is the property of our firm and constitutes confidential information. However, we may be requested to make certain audit documentation available to the PCAOB, SEC, or other regulators pursuant to the authority given to them by law or regulation. If requested, access to such audit documentation will be provided under the supervision of firm personnel. Further, upon request, we may provide copies of selected audit documentation to the regulator. The regulator may intend, or decide, to distribute the copies or information contained therein to others, including other government agencies. We agree to communicate with you on a timely basis any requests by the PCAOB for access to audit documentation as part of its inspection process and when it desires direct contact with members of the audit committee.

We appreciate the opportunity to be of service and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

D'Arelli Pruzansky P.A.

D'Arelli Pruzansky, P.A.

RESPONSE:

This letter correctly sets forth the understanding of Imaging Diagnostic Systems, Inc.

Richard P. Kiphart II

For the Board of Directors

6/25/2014

Date

Book Transfer

Reference Number 20140630-00009997

Branch	2157100 EAST ORLANDO OFFICE		
Payment Amount	26,000.00 USD	**Rate**	**Contract Number**
Debit Amount	26,000.00 USD		

Value Date 30JUN2014

Debit Party

[redacted]

IMAGING DIAGNOSTIC SYSTEMS, INC

[redacted]

Credit Party

[redacted]

D'ARELLI PRUZANSKY PA

7280 W PALMETTO RARK ROAD #308-N

3343300000

Originator to Recipient Information

EXHIBIT

tabbies

6

Book Transfer

Reference Number 20140630-00009718

Branch	2157100 EAST ORLANDO OFFICE		
Payment Amount	100,000.00 USD	**Rate**	**Contract Number**
Debit Amount	100,000.00 USD		

Value Date 30JUN2014

Debit Party

[redacted]
VIABLE INTERNATIONAL INVESTMENTS, L
[redacted]

Credit Party

[redacted]
IMAGING DIAGNOSTIC SYSTEMS, INC
[redacted]

Originator to Recipient Information