



21 February 2012

**ASX ANNOUNCEMENT – HALF-YEAR RESULTS AND BUSINESS UPDATE  
31 DECEMBER 2011**

Brisbane, Australia - ImpediMed Limited (ASX: IPD) today released final results for the half-year ended 31 December 2011.

“ImpediMed remains focused on building global awareness around lymphoedema. Today this disorder is usually diagnosed and treated under a reactive care model with generally disappointing results as often irreversible changes have occurred. The need for enhanced education and the mainstreaming of prospective care continues to be a major objective for the Company. Through education, earlier clinical assessment and intervention it is possible to potentially prevent or limit progression of lymphoedema,” said Greg Brown, CEO.

The key focus for ImpediMed for 2012 continues to be:

- Increased awareness of lymphoedema and the need for risk reduction strategies
- Building coverage through insurers for L-Dex readings and the follow-on treatment
- Expanding education around the clinical relevance of L-Dex technology and how it is used with conventional techniques
- Continuing to expand regulatory claims for our L-Dex U400 device
- Continuing the commercialisation of the new UB500 device for unilateral and bilateral lymphoedema of the arms and legs
- Supporting independent and critical research into the field of lymphoedema prevention

As we enter the second half of the year, we look forward to continued progress toward our goals.

The highlights of the first half of the year include:

- First and additional covered lives announcements
- FDA clearance of our L-Dex U400 for aiding in the clinical assessment of unilateral lymphoedema in legs for both men and women
- Increased U.S. L-Dex U400 revenue
- Expansion of the Company’s intellectual property portfolio

“Based on the improved understanding around the pathophysiology of lymphoedema and the benefits of measuring extracellular fluid differences, the role of ImpediMed’s L-Dex technology in aiding in the clinical assessment of unilateral lymphoedema is building. The increasing

awareness around the clinical utility of L-Dex readings with medical directors is improving our prospects for reimbursement and coverage from healthcare payers across the U.S.," said Peggy Brooker, COO and CFO.

Summary of ImpediMed's half-year ended 31 December 2011:

- Revenue, excluding finance income, for the half-year ending 31 December 2011 was \$1.4 million, a decrease of 28% from \$1.9 million revenue generated in prior half-year. The Company continues to build its worldwide L-Dex revenue within the medical business segment.
- Total comprehensive loss for the half-year was \$5.8 million compared to \$8.7 million in the prior half-year. This decrease was due to foreign exchange fluctuations and cost savings in salaries and benefits, offset by spending increases in research and development for the UB500, and advertising and promotion.
- Net cash flows used in operating activities increased to \$6.2 million in the half-year compared to \$5.9 million for the comparative half-year due to a decrease in receipts from customers and higher payments to suppliers inclusive of goods and services tax. The half-year costs included increased spending on the UB500 program, offset by decreased spending for salaries and benefits due to headcount reduction.
- L-Dex device placements continue to progress in the U.S. lymphoedema market with 178 devices in the market. The placement of L-Dex devices has been steady in this half-year.
- Net assets at 31 December 2011 were \$15.4 million versus \$20.7 million at 30 June 2011, a decrease of 26%. The Company did not raise capital in the first half of the year.
- The L-Dex business continues to be our focus, and we are dedicated to building insurance reimbursement and coverage for the aiding in the assessment of lymphoedema. This is a critical success requirement to drive future revenues.

For more information:

Greg Brown

CEO & Director

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L-Dex<sup>®</sup> is a trademark of ImpediMed Limited.

The L-Dex<sup>®</sup> scale is a tool to aid in the clinical assessment of unilateral lymphoedema of the arm and leg in women and in the leg in men by a medical provider.

The L-Dex<sup>®</sup> scale is not intended to diagnose or predict lymphoedema of an extremity.

#### **About ImpediMed**

ImpediMed Limited is the world leader in the development and distribution of medical devices employing Bioimpedance Spectroscopy (BIS) technologies for use in the non-invasive clinical assessment and monitoring of fluid status. ImpediMed's primary product range consists of a number of medical devices that aid surgeons, oncologists, therapists and radiation oncologists in the clinical assessment of patients for the potential onset of secondary lymphoedema. Pre-operative clinical assessment in cancer survivors, before the onset of symptoms, may prevent the condition from becoming a lifelong management issue and thus improve the quality of life of the cancer survivor. ImpediMed has the first medical device with an FDA clearance in the United States to aid health care professionals, clinically assess secondary unilateral lymphoedema of the arm and leg in women and the leg in men.

For more information, visit: [www.impedimed.com.au](http://www.impedimed.com.au)

# ImpediMed Ltd

ABN 65 089 705 144

## Appendix 4D

**for the half-year ended 31 December 2011**  
**(previous corresponding period: half-year ended 31 December 2010)**

The information contained in this document should be read in conjunction with the financial statements for the year ended 30 June 2011 and any public announcements made by ImpediMed Limited and its controlled entities during the interim reporting period in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

### 2 Results for announcement to the market

	Current period \$000	Previous corresponding period \$000	\$000
2.1 Revenue from ordinary activities	1,488	1,976	
Decrease in revenue:			(488)
Percentage decrease:			-25%
2.2 Loss from ordinary activities after tax attributable to members	(5,936)	(8,130)	
Decrease in loss from ordinary: activities after tax attributable to members			2,194
Percentage decrease:			-27%
2.3 Net loss for the period attributable to members	(5,936)	(8,130)	
Decrease in net loss for the period attributable to members:			2,194
Percentage decrease:			-27%
2.4 Dividends	NIL	NIL	
There were no dividends declared and paid during the half year on ordinary shares. There were no dividends proposed and not yet recognised as a liability during the half year.			
2.5 Dividend Record Date	Not applicable		
2.6 Explanation of operating performance			
Refer to the operating and financial review in the Directors' Report of the Financial Statements for the current reporting period.			

<b>3 Net tangible assets per ordinary security</b>			
		<b>Current period</b>	Previous corresponding period
Net tangible assets (\$000)	<b>\$</b>	<b>13,397</b>	\$ 20,980
Issued share capital at reporting date (\$000)	<b>\$</b>	<b>98,004</b>	\$ 93,996
Number of shares on issue at reporting date		<b>156,517,061</b>	150,376,875
Net tangible assets per ordinary security	<b>\$</b>	<b>0.09</b>	\$ 0.14

**4 Acquisitions and divestments**

4.1 There were no entities over which control has been gained or lost during the current reporting period.

4.2 Not applicable

4.3 Not applicable

**5 Details of dividends**

There were no dividends paid during the period, or payable at 31 December 2011.

**6 Dividend Reinvestment Plans**

The company has no dividend reinvestment plan.

**7 Associates and joint ventures**

There are no equity accounted associates and joint venture entities.

**8 Accounting standards**

The financial report for the group has been prepared in accordance with Australian Equivalents to International Financial Reporting Standards.

**9 Auditors' review report**

The review report prepared by the independent auditor Ernst & Young is not subject to any dispute or qualification, and is provided with the half year financial statements.

# **IMPEDIMED LIMITED**

**ABN 65 089 705 144**

## **Financial Report**

**For the half-year ended 31 December 2011**

# Directors' Report

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This financial report covers the consolidated entity comprising ImpediMed Limited ("the Parent") and its subsidiaries ("the Group"). The Parent's functional and presentational currency and the Group's presentational currency are Australian dollars (\$). A description of the Group's operations and of its principal activities is included in the operating and financial review in the directors' report. The directors' report is not part of the financial report.

## Directors

C Hirst (Chairman)  
G Brown (Chief Executive Officer)  
M Bridges  
M Kriewaldt  
J Hazel  
M Panaccio

## Company Secretary

S Denaro

## Registered office

Unit 1, 50 Parker Court  
Pinkenba QLD 4008

## Principal places of business

5959 Cornerstone Court West, Suite 100  
San Diego, California, 92121 U.S.A.  
Phone: +1 858 412 0200

Unit 1, 50 Parker Court  
Pinkenba QLD 4008  
Phone: +61 7 3860 7000

**Websites:** [www.impedimed.com](http://www.impedimed.com), [www.l-dex.com](http://www.l-dex.com), [www.lymphconnect.com](http://www.lymphconnect.com)

## Share Register

Link Market Services  
Level 22, 300 Queen Street  
Brisbane QLD 4000  
Phone: +61 2 8280 7111

ImpediMed Limited shares are listed on the Australian Securities Exchange (ASX): ASX code "IPD".  
ImpediMed Limited listed options are listed on the ASX: ASX code "IPDO"

## Solicitors

Corrs Chambers Westgarth  
Level 35, 1 Eagle Street  
Brisbane QLD 4000

Nixon Peabody  
1100 Clinton Square  
Rochester NY 14604 U.S.A.

Sheppard Mullin  
12275 El Camino Real, Suite 200  
San Diego CA 92130-2006 U.S.A.

## Bankers

Commonwealth Bank of Australia  
240 Queen Street  
Brisbane QLD 4000

California Bank & Trust  
5500 Grossmont Center Drive, Suite 401  
La Mesa CA 91942 U.S.A.

## Auditors

Ernst & Young  
Level 5, 1 Eagle Street  
Brisbane QLD 4000

## Remuneration Advisors to the Board of Directors

Barney & Barney LLC  
9171 Town Center Drive Suite 500  
San Diego, CA 92122 U.S.A.

# Directors' Report

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Your directors submit their report together with the consolidated interim financial report for ImpediMed Limited ("the Company" or "the Group") for the half-year ended 31 December 2011 and the auditor's review report therein.

## Directors

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

Cherrell Hirst, AO FTSE MBBS BEdSt DUniv FAICD (Non-executive Director and Chairman)(i)

Greg Brown, B.Sc MBA (Executive Director and Chief Executive Officer)

Mel Bridges, B.Sc FAICD (Non-executive Director)(ii)

Martin Kriewaldt, BA LLB (Hons) FAICD (Non-executive Director)

Jim Hazel, B.Ec F Fin FAICD (Non-executive Director)

Michael Panaccio, B.Sc (Hons) MBA PhD FAICD (Non-executive Director)

(i) Dr Hirst was appointed Deputy Chair as of 12 July 2011, and was later appointed Chairman as of 8 November 2011.

(ii) Mr Bridges stood down as Chairman as of 8 November 2011 and remains a Non-executive Director.

## Principal activities

The principal activities of the Group during the period were the development, manufacture, placement and sale of bioimpedance devices and of electronic test and measurement instruments.

## Operating and financial review

### Group overview

ImpediMed Limited was founded in Australia in 1999, and was listed on the ASX on 24 October 2007.

The ImpediMed Group consists of three entities:

- ImpediMed Limited, the parent company operating in medical markets in regions outside the U.S., incorporated in 1999 and listed on the ASX on 24 October 2007.
- ImpediMed Inc, a Delaware corporation operating in medical markets in North America.
- XiTRON Technologies, Inc, a California corporation operating in medical and power test and measurement markets globally. XiTRON Technologies, Inc was acquired by ImpediMed Limited on 1 October 2007.

### Operating results for the period

- Total comprehensive loss for the current period was \$5.8 million versus \$8.7 million in the comparative prior period. The loss from continuing operations after income tax was \$5.9 million versus \$8.1 million in the comparative prior period. The loss was reduced due to foreign exchange fluctuations and savings in salaries and benefits, offset by increased expenditure in research and development for the UB500, and advertising and promotion, as explained further below.

The loss from continuing operations after income tax includes the foreign exchange impact arising from translating the U.S. cash held by the Parent into Australian dollars. The spot exchange rate for the beginning and end of the reporting period was AUD \$1.00 to USD \$1.056 and USD \$1.017, respectively. The spot exchange rate for the beginning and end of the comparative period was AUD \$1.00 to USD \$0.856 and USD \$1.016, respectively. Due to these exchange rate fluctuations, the Group incurred an unrealised foreign currency translation gain of \$0.5 million in the current period compared to an unrealised foreign currency translation loss of \$2.3 million in the prior comparative period, both of which

# Directors' Report

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are included in administrative and governance expenses. The Group maintains a significant portion of available funds in U.S. dollars to match U.S. dollar expenses.

- Sale of goods and services for the current period were \$1.4 million versus \$1.9 million in the comparative prior period, a decrease of 28%. The decrease in revenue was due primarily to a decrease in revenue from our Body Composition (BC) and Test and Measurement (T&M) products. These are capital purchases for our customers and tend to be impacted by broader market conditions.

The Parent and ImpediMed Inc. are the entities that generate revenue for the Group from Bioimpedance Spectroscopy (BIS) devices used in the measurement of extracellular fluid differences of the limbs. These companies enter into agreements to place the L-Dex U400<sup>®</sup> and the Group's other BIS devices with customers.

In early 2011, the Group shifted focus in the U.S. lymphoedema market from an L-Dex device operating lease business model to a Purchase Supply Agreement (PSA). A PSA for an L-Dex device is executed and the device is placed with the customer. Under the PSA, the Group maintains a device with the customer as long as the customer purchases L-Dex reading packages (electrode consumables) from the Group on a regular basis as defined by the customer's patient volume. Revenue is generated from customers purchasing electrode packages in order to perform patient readings using the device.

By 31 December 2011, the Group had 178 L-Dex agreements versus 108 in the comparative prior period. Of the 178 agreements, 96 are PSA agreements and 82 are operating leases. Current lease customers are expected to maintain their device under the operating lease; however, certain customers have renewed their agreements through a new PSA.

There was an increase of 70 L-Dex agreements in the U.S. marketplace from December 2010 to December 2011. The rate of new agreements has been steady with 34 new placements from January through June 2011, and 36 new placements from July through December 2011. Clinicians are currently billing using CPT code 0239T under the American Medical Association Category III current procedural terminology (CPT) code. This CPT code 0239T was available for use by clinicians in billing payers from 1 January 2011.

- Cost of sales decreased by \$0.1 million or 13% from the previous corresponding period. However, it is an increase in cost of sales as a percentage of sales; up 8%. The increase was due to higher commissions paid to our L-Dex U.S. sales force.
- Salaries and benefits expense for the current period was \$2.7 million versus \$3.1 million in the comparative prior period; a 14% decrease. The decrease is related to decreased headcount in sales and marketing, managed care and corporate support.
- Research and development expense for the current period was \$1.2 million versus \$0.7 million in the comparative prior period. The increase in spending was due primarily to the development of our next generation UB500 device. The UB500 device is an important product in our strategy to expand the Group's bioimpedance spectroscopy technology to include pelvic and other cancer survivors, both male and female. We obtained FDA clearance for our U400 device to aid in the clinical assessment of unilateral lymphoedema in arms of women, and legs for both men and women in November 2011.
- Administrative and governance expense for the current period was \$0.3 million versus \$2.9 million in the comparative prior period. The decrease was primarily due to a reversal in unrealised foreign exchange loss of \$2.3 million on U.S. dollar assets held by the Group in the prior period to a \$0.5 million unrealised gain in the current period.
- Advertising and promotion expense for the current period was \$0.3 million versus \$0.1 million in the comparative prior period. The increase was due to increased activities at trade shows, increased focus on clinical validation of our technology and the build-up of our online presence by developing a new website and marketing materials.
- Other comprehensive income was \$0.1 million income versus a loss of \$0.6 million in the comparative prior period. The increase was primarily due to the change in foreign exchange rate of the Australian dollar versus the U.S. dollar during the current period.

# Directors' Report

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## Liquidity and capital resources

- Cash and cash equivalents decreased to \$12.1 million at 31 December 2011 from \$17.9 million at 30 June 2011 due primarily to the net cash used to fund operating activities. Net cash used in operating activities for the period was \$6.2 million which reflected an increase from \$5.9 million or 5% used in operating activities in the comparative prior period.
- Cash flow from financing activities was nil, compared to \$9.4 million, net of transaction costs, in the comparative prior period, as no capital was raised during the half year ended 31 December 2011.

## Rounding of amounts

The amounts contained in this report and in the financial report for the half-year ended 31 December 2011 have been rounded to the nearest thousand (where rounding is applicable and where noted (\$000)) under the option available to the Company under ASIC CO 98/100. The Company is an entity to which the Class Order applies.

# Directors' Report

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## Auditor Independence Declaration

The directors append to the directors' report the following declaration from our auditors, Ernst & Young.

Signed in accordance with a resolution of the directors.



Cherrell Hirst, AO  
Chairman



Greg Brown  
CEO & Director

Brisbane, 21 February 2012

## Auditor's Independence Declaration to the Directors of ImpediMed Limited

In relation to our review of the financial report of ImpediMed Limited and its controlled entities for the half-year ended 31 December 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Alison de Groot  
Partner  
Brisbane  
21 February 2012

# Consolidated Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Notes	31 Dec 2011 \$000	31 Dec 2010 \$000
<b>Continuing operations</b>			
Sale of goods	3a	1,263	1,778
Rendering of services		89	93
Finance income	3b	136	105
Revenue		<u>1,488</u>	<u>1,976</u>
Cost of sales	3g	(609)	(700)
Other income	3c	342	39
Other finance costs		-	(1)
Salaries and benefits	3e	(2,698)	(3,145)
Research and development		(1,150)	(698)
Administrative and governance	3f	(250)	(2,910)
Consultants and professional fees		(1,034)	(980)
Depreciation and amortisation	3d	(269)	(304)
Advertising and promotion		(338)	(121)
Rent and property expenses		(185)	(192)
Travel expenses		(457)	(432)
Share based payments		(532)	(394)
Other expenses		(244)	(268)
<b>Loss from continuing operations before income tax</b>		<u>(5,936)</u>	<u>(8,130)</u>
Income tax		-	-
<b>Loss from continuing operations after income tax</b>		<u>(5,936)</u>	<u>(8,130)</u>
<b>Net loss for the period</b>		<u>(5,936)</u>	<u>(8,130)</u>
<b>Other comprehensive income (loss)</b>			
Foreign currency translation		109	(587)
Income tax on items of other comprehensive loss		-	-
<b>Other comprehensive income (loss) for the period, net of tax</b>		<u>109</u>	<u>(587)</u>
<b>Total comprehensive loss for the period</b>		<u>(5,827)</u>	<u>(8,717)</u>
<b>Loss per share</b>			
		<b>31 Dec 2011</b>	<b>31 Dec 2010</b>
		<b>\$</b>	<b>\$</b>
Basic and diluted loss per share		(0.04)	(0.06)

The above interim consolidated statement of comprehensive income should be read with the accompanying notes.

# Consolidated Balance Sheet

AS AT 31 DECEMBER 2011

	Notes	as at 31 Dec 2011 \$000	as at 30 Jun 2011 \$000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	12,112	17,899
Trade and other receivables		477	673
Inventories		1,488	1,277
Restricted cash		31	31
Other current assets		316	334
<b>Total Current Assets</b>		<b>14,424</b>	<b>20,214</b>
<b>Non-current Assets</b>			
Other financial assets		91	88
Plant and equipment		394	425
Intangible assets	8	210	367
Goodwill	8	1,781	1,711
<b>Total Non-current Assets</b>		<b>2,476</b>	<b>2,591</b>
<b>TOTAL ASSETS</b>		<b>16,900</b>	<b>22,805</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		923	1,351
Provisions		441	624
<b>Total Current Liabilities</b>		<b>1,364</b>	<b>1,975</b>
<b>Non-current Liabilities</b>			
Provisions		148	147
<b>Total Non-current Liabilities</b>		<b>148</b>	<b>147</b>
<b>TOTAL LIABILITIES</b>		<b>1,512</b>	<b>2,122</b>
<b>NET ASSETS</b>		<b>15,388</b>	<b>20,683</b>
<b>EQUITY</b>			
Issued capital	9	98,004	98,004
Reserves		3,453	2,812
Accumulated losses		(86,069)	(80,133)
<b>TOTAL EQUITY</b>		<b>15,388</b>	<b>20,683</b>

The above interim consolidated balance sheet should be read with the accompanying notes.

# Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Notes	31 Dec 2011 \$000	31 Dec 2010 \$000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of goods and services tax)		1,478	1,791
Payments to suppliers and employees (inclusive of goods and services tax)		(8,201)	(7,856)
Interest received		148	121
Interest paid		-	-
Receipt of R&D tax concession and royalties		345	30
<b>Net cash flows used in operating activities</b>		<b>(6,230)</b>	<b>(5,914)</b>
<b>Cash flows from investing activities</b>			
Purchase of equipment		-	-
Purchase of intangibles		(24)	-
<b>Net cash flows used in investing activities</b>		<b>(24)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary shares	9	-	10,010
Transaction costs from capital raise	9	-	(573)
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>9,437</b>
<b>Net increase in cash and cash equivalents</b>		<b>(6,254)</b>	<b>3,523</b>
Net foreign exchange differences		467	(2,373)
Cash and cash equivalents at beginning of period		17,899	18,789
<b>Cash and cash equivalents at close of period</b>	4	<b>12,112</b>	<b>19,939</b>

The above interim consolidated statement of cash flows should be read with the accompanying notes.

# Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Issued Capital	Share Reserves	Foreign Currency Translation Reserve	Accumulated losses	Total
	\$000	\$000	\$000	\$000	\$000
At 1 July 2010	84,559	2,840	142	(65,311)	22,230
Loss for the period	-	-	-	(8,130)	(8,130)
Other comprehensive income	-	-	(587)	-	(587)
Total comprehensive loss for the half-year	-	-	(587)	(8,130)	(8,717)
Equity Transactions:					
Share-based payments	-	394	-	-	394
Allotment of ordinary shares	10,010	-	-	-	10,010
Costs of capital raising	(573)	-	-	-	(573)
At 31 December 2010	93,996	3,234	(445)	(73,441)	23,344
<b>At 1 July 2011</b>	<b>98,004</b>	<b>3,417</b>	<b>(605)</b>	<b>(80,133)</b>	<b>20,683</b>
Loss for the period	-	-	-	(5,936)	(5,936)
Other comprehensive loss	-	-	109	-	109
Total comprehensive loss for the half-year	-	-	109	(5,936)	(5,827)
Equity Transactions:					
Share-based payments	-	532	-	-	532
<b>At 31 December 2011</b>	<b>98,004</b>	<b>3,949</b>	<b>(496)</b>	<b>(86,069)</b>	<b>15,388</b>

The above interim consolidated statement of changes in equity should be read with the accompanying notes.

# Condensed Notes to the Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

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# Condensed Notes to the Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

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## 1 Basis of preparation and accounting policies

### Basis of preparation

The consolidated financial statements of ImpediMed Limited for the half-year ended 31 December 2011 were authorised for issue in accordance with a resolution of the Board of Directors on 21 February 2012.

This general purpose condensed financial report for the half-year ended 31 December 2011 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2011 and considered together with any public announcements made by the Group during the half-year ended 31 December 2011 in accordance with the continuous disclosure obligations of the ASX listing rules.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand except where otherwise indicated.

### Going concern

The going concern basis of accounting contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities. This report adopts the going concern basis.

The Group has incurred an operating loss after income tax of \$5.9 million for the half-year ended 31 December 2011 (31 December 2010: \$8.1 million) and net operating cash outflow of \$6.2 million for the half-year ended 31 December 2011 (31 December 2010: \$5.9 million).

The directors believe that the Group continues to be a going concern and that it will be able to pay its debts as and when they fall due for a period of 12 months from the date of signing this report due to the following:

- (i) The Group believes it will be able to raise additional capital from its shareholders and potential investors should this be necessary.
- (ii) As at 31 December 2011, the Group had net assets of \$15.4 million. At the same date, the market capitalisation of ImpediMed Limited was in excess of \$81.0 million and as at 31 December 2011, assets of the Group exceeded liabilities by a ratio of 11 : 1.
- (iii) The Group had cash at its disposal of \$12.1 million at 31 December 2011 and had no borrowings from banks or other financial institutions at 31 December 2011.
- (iv) The Group has the ability to vary certain expenditures dependent on its capital raising support and therefore cash outflows can be adjusted.

# Condensed Notes to the Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

## 1 Basis of preparation and accounting policies (continued)

On this basis the directors believe that the going concern basis of presentation is appropriate. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

### Changes in accounting policy

The accounting policies and methods of computation are consistent with those of the most recent annual report except the following amending Standards and Interpretations have been adopted in the current period. There was no material impact on the Interim Financial Report as a result of the mandatory new and amended Accounting Standards adopted.

- AASB 124 (revised) *Related Party Disclosures* (December 2009)
- AASB 2009-12 *Amendments to Australian Accounting Standards* [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023, & 1031 and Interpretations 2, 4, 16, 1039 & 1052]
- AASB 2010-4 Further Amendments to *Australian Accounting Standards* arising from the Annual Improvements Project [AASB 1, 7, 101, 1034 and Interpretations 13]
- AASB 2010-5 Amendments to *Australian Accounting Standards* [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 11, 127, 132 & 1042]

The Group has not elected to early adopt any other new Standards or Amendments that are issued but not yet effective.

Certain amounts in the comparative financial statements have been reclassified to conform to the current period presentation.

## 2 Segment reporting

The following table presents revenue and profit information for reportable segments for the half-years ended 31 December 2011 and 31 December 2010.

Half-year ended 31 December 2011	Medical \$000	Test & Measurement \$000	Total \$000
<b>Revenue</b>			
Device sales to external customers	475	391	866
Operating leases to external customers	200	10	210
Consumable sales to external customers	187	-	187
Service revenue to external customers	22	67	89
<b>Total segment revenue</b>	<b>884</b>	<b>468</b>	<b>1,352</b>
Unallocated revenue (finance income)			136
<b>Consolidated revenue</b>			<b>1,488</b>

# Condensed Notes to the Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

## 2 Segment reporting (continued)

Half-year ended 31 December 2011	Medical \$000	Test & Measurement \$000	Total \$000
<b>Results</b>			
Segment result	(5,616)	(187)	(5,803)
Depreciation and amortization expenses	(268)	(1)	(269)
<b>Loss before income tax</b>	<b>(5,884)</b>	<b>(188)</b>	<b>(6,072)</b>
Income tax	-	-	-
<b>Net allocated loss for the period</b>	<b>(5,884)</b>	<b>(188)</b>	<b>(6,072)</b>
Unallocated results (finance income less costs)			136
<b>Net loss for the period</b>			<b>(5,936)</b>
<b>Segment Assets</b>			
Segment operating assets	16,334	566	16,900

Total assets have decreased by 25.9% since the last annual report.

Half-year ended 31 December 2010	Medical \$000	Test & Measurement \$000	Total \$000
<b>Revenue</b>			
Device sales to external customers	773	646	1,419
Operating leases to external customers	244	-	244
Consumable sales to external customers	115	-	115
Service revenue to external customers	19	74	93
<b>Total segment revenue</b>	<b>1,151</b>	<b>720</b>	<b>1,871</b>
Unallocated revenue (finance income)			105
<b>Consolidated revenue</b>			<b>1,976</b>
<b>Results</b>			
Segment result	(7,873)	(57)	(7,930)
Depreciation and amortization expense	(302)	(2)	(304)
<b>Loss before income tax</b>	<b>(8,175)</b>	<b>(59)</b>	<b>(8,234)</b>
Income tax	-	-	-
<b>Net allocated loss for the period</b>	<b>(8,175)</b>	<b>(59)</b>	<b>(8,234)</b>
Unallocated results (finance income less finance costs)			104
<b>Net loss for the period</b>			<b>(8,130)</b>

Total assets for the half year ended 31 December 2010 had not materially changed from the 30 June 2010 annual report and therefore comparatives for segment assets have not been provided.

# Condensed Notes to the Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

## 3 Revenue, income and expenses

	2011 \$000	2010 \$000
<b>(a) Sale of goods</b>		
Device sales	866	1,419
Consumable sales	187	115
Device operating leases	210	244
	<u>1,263</u>	<u>1,778</u>
<b>(b) Finance income</b>		
Interest income – bank deposits	25	60
Interest income – term deposits	111	45
	<u>136</u>	<u>105</u>
<b>(c) Other income</b>		
R&D tax refund	286	-
Royalty income	49	39
Other income	7	-
	<u>342</u>	<u>39</u>
<b>(d) Depreciation and amortisation</b>		
Depreciation of property, plant and equipment	24	38
Depreciation of demo and loan devices	41	34
Amortisation of leasehold improvements	10	21
Amortisation of patents and licenses	109	117
Amortisation of software	85	94
	<u>269</u>	<u>304</u>
Depreciation of operating lease devices (i)	53	35
	<u>322</u>	<u>339</u>
<b>(e) Salaries and benefits</b>		
Wages and salaries	2,235	2,611
Superannuation costs	98	124
Other employee costs	366	399
Long service leave	(1)	11
	<u>2,698</u>	<u>3,145</u>
Share based payments to employees	477	293
	<u>3,175</u>	<u>3,438</u>

(i) Operating lease depreciation has been included in cost of sales.

# Condensed Notes to the Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

## 3 Revenue, income and expenses (continued)

### (f) Administrative and governance

	2011	2010
	\$000	\$000

The following items are included in administrative and governance expense.

Bad and doubtful debts	(2)	-
Unrealised loss (gain) on foreign exchange	(459)	2,259

### (g) Cost of sales

The following item is included in cost of sales.

Inventory write-down	12	13
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## 4 Cash and cash equivalents

	as at 31 Dec 2011 \$000	as at 30 Jun 2011 \$000
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Cash at bank and in hand	883	2,667
Short term deposits	11,229	15,232
	<u>12,112</u>	<u>17,899</u>

## 5 Dividends paid

There were no dividends declared or paid during the half-year on ordinary shares. There were no dividends proposed and not yet recognised as a liability during the half-year.

## 6 Related party disclosure

For the current period, no new transactions with directors occurred that would be considered related party transactions, other than payments to a consultant who is related to the CEO. Services rendered for the current half year period totalled \$36,000 (31 December 2010: \$26,000). Amounts payable to this related party at 31 December 2011 were \$5,000 (30 June 2011: \$8,000).

Transactions with this and all related parties are made at arm's length both at normal market prices and on normal commercial terms.

# Condensed Notes to the Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

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## 7 Commitments and contingencies

The only changes to the commitments and contingencies disclosed in the most recent annual financial report are specified below.

### Expenditure Commitments

At 31 December 2011, the Group had expenditure commitments of \$0.5 million (30 June 2011: \$0.7 million) relating to the funding of various research and development, advertising and promotion, and other operating activities.

### Litigation

At 31 December 2011, the Group has no known open claims or lawsuits against it.

## 8 Intangible assets and goodwill

Intangible assets decreased in the current period due to foreign currency exchange movements and amortisation of the computer software, patents and licenses, offset by a license fee paid in connection with a License Agreement.

Goodwill increased in the current period due to foreign currency exchange movements.

## 9 Issued capital

There was no movement in issued capital in the current period except as outlined below.

	Number of shares	\$000
Beginning balance 1 July 2011	156,497,061	98,004
Issuance of ordinary share to employees and consultants	20,000	-
Closing balance 31 December 2011	156,517,061	98,004

## 10 Events after the balance sheet date

There have been no events after the balance sheet date.

# Directors' Declaration

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

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In accordance with a resolution of the directors of ImpediMed Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position as at 31 December 2011 and the performance for the half-year ended on that date of the consolidated entity; and
  - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Cherrell Hirst, AO  
Chairman



Greg Brown  
CEO & Director

Brisbane, 21 February 2012

## Auditor's Independent Review Report

To the members of ImpediMed Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of ImpediMed Limited, which comprises the consolidated statement of financial position as at 31 December 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of ImpediMed and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

## Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A stylized, handwritten signature of 'Ernst & Young' in black ink.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Alison de Groot'.

Alison de Groot  
Partner  
Brisbane  
21 February 2011