



31 January 2012

ASX RELEASE

ASX ANNOUNCEMENT – APPENDIX 4C – QUARTER ENDED 31 December 2011

ImpediMed Limited (ASX:IPD) (the Group or the Company) is pleased to provide its Appendix 4C quarterly cash flow report (unaudited) for the quarter ended 31 December 2011.

ImpediMed CEO, Mr. Greg Brown said, “In the second quarter we continued to make solid progress in our core lymphoedema business. With the clearance of our L-Dex U400[®] device, to aid in the clinical assessment of unilateral lymphoedema of the arm in women, and legs for both men and women, we achieved another major milestone. We continue to drive the business forward through our focus on building reimbursement and expanding our L-Dex customer base, both in terms of number of devices and usage rates. Widespread reimbursement continues to be a critical success factor in driving shareholder value”.

The following are some highlights from the quarter:

- At 31 December 2011, L-Dex placements in the U.S. marketplace were up to 178 devices, up 36 placements from the 142 as presented in the July 2011 market update. U.S. lymphoedema revenue from L-Dex placements is up 31% over the same six month period from the prior year. Worldwide lymphoedema revenue has increased 38% over the same six month period from the prior year.
- A major milestone was achieved – the U.S. FDA notice of clearance for our L-Dex U400 device to aid in the clinical assessment of unilateral lymphoedema of the arm in women, and legs for both men and women. This clearance also expanded the indication to include patients who will have, or who have had lymph nodes from the axillary and pelvic regions removed, damaged or irradiated. This broadens the claim beyond just cancer and no longer links it to any one specific cancer. The Company sees this as an additional major expansion of the available market. While this will now open up the market to a broader base of medical providers, for both male and female patients, the Company will not lose its current primary focus on breast cancer.
- Reimbursement coverage - payment (Explanation of Benefits - EOB) reports continue to be collected from doctors at both the U.S. state and local levels. Coverage continues to build, but at this point, is still well short of levels needed to support routine use. Payment levels for L-Dex testing continue to be at targeted levels.
- Regarding coverage metrics - we announced 1.6 million additional covered lives, bringing the total to 13.8 million; 6.2 million short of the milestone for December 2011. Policy is not needed in U.S. healthcare for coverage of a test, and the Company believes that the rising hurdle of policy now under U.S. healthcare reform, will lead to more and more test coverage being achieved without policy. To address the limitation of the metric in the present market, the Company is looking to begin reporting qualitative data on where EOB's are being collected in relation to placements.

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- The first private insurer to confirm coverage under policy is a key Pennsylvania based health plan that has been using the technology in its women's hospital system for the past 12 months.
 - The Stanford University Medical Center initiation of a Breast Cancer Lymphoedema Registry began in December 2011. This Registry collects clearly defined health and demographics information on breast cancer patients, with the intent to gain insight into the natural history and optimal treatment of the condition. The registry is governed by a Stanford University IRB and will be listed on clinicaltrials.gov as soon as it begins enrollment. The Registry will use the Company's U400 L-Dex device.
 - Announcement of preliminary summary report on five (5) year outcomes data from the 2008 study, published in *Cancer*. This study is proving to be a seminal study in supporting the long held belief that early intervention is important for improving clinical outcomes in lymphoedema. This preliminary report is very encouraging in the fact that a significant percentage of patients were prevented from progressing to irreversible forms of lymphoedema. The preliminary data looks to support the new clinical paradigm of pre-emptive care for successfully preventing progression for both the patient and the payers of healthcare.
 - The Company expanded its intellectual property position during the quarter by exclusively licensing three U.S. patents for the fields of lymphoedema, oedema and dialysis. The Company considers these to be significant hurdles for other bioimpedance technology systems – either Bioimpedance analysis (BIA) or Bioimpedance spectroscopy (BIS).

Cash Flow Report Commentary

Cash on hand as of 31 December 2011 was \$12.1 million as compared with \$17.9 million at 30 June 2011. Receipts from customers for the quarter and three months ending 31 December 2011 were \$0.6 million compared to \$0.8 million in the previous quarter ended 30 September 2011 and \$0.8 million for the period ending 31 December 2010. Receipts are down in the non-core businesses of test and measurement (T&M) and body composition (BC) as revenue from these customer bases has been slower this financial year. Customer purchases from T&M and BC are generally capital expenditures in nature, and impacted by broader market conditions.

Net cash used in operations for the quarter was \$2.9 million compared to \$3.3 million cash used in the previous quarter ended 30 September 2011 - 12% favourable variance. The decrease in net cash used from the previous quarter relates to a decrease in payments to employees and decrease in other working capital.

“Our core business in lymphoedema, which is our main shareholder value driver, was up significantly. As the business builds coverage for L-Dex testing, any downturns impacting T&M and BC sales should become less relevant. We have had a successful start to the new financial year with strong L-Dex device placements and ImpediMed continues to progress toward building further reimbursement,” said Mr. Brown.

Greg Brown
CEO

ENDS

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L-Dex® is a trademark of ImpediMed Limited.

The L-Dex scale is a tool to assist in the clinical assessment of lymphoedema by a medical provider. The L-Dex scale is not intended to diagnose or predict lymphoedema of an extremity.

About ImpediMed

ImpediMed Ltd. 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 breast 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 lymphoedema of the arm in female breast cancer patients. For more information, visit. www.impedimed.com.

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Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

ImpediMed Limited

ABN

65 089 705 144

Quarter ended ("current quarter")

31 December 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (six months) \$A'000
1.1 Receipts from customers	633	1,478
1.2 Payments for		
(a) staff costs	(1,424)	(3,071)
(b) advertising and marketing	(179)	(322)
(c) research and development	(672)	(1,335)
(d) leased assets	(5)	(12)
(e) other working capital	(1,363)	(3,461)
1.3 Dividends received	0	0
1.4 Interest and other items of a similar nature received	56	148
1.5 Interest and other costs of finance paid	0	0
1.6 Income taxes paid	0	0
1.7 Other (provide details if material)	34	345
Net operating cash flows	(2,920)	(6,230)

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Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (twelve months) \$A'000
1.8 Net operating cash flows (carried forward)	(2,920)	(6,230)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	0	0
(b) equity investments	0	0
(c) intellectual property	0	(24)
(d) physical non-current assets	0	0
(e) other non-current assets	0	0
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	0	0
(b) equity investments	0	0
(c) intellectual property	0	0
(d) physical non-current assets	0	0
(e) other non-current assets	0	0
1.11 Loans to other entities	0	0
1.12 Loans repaid by other entities	0	0
1.13 Other (provide details if material)	0	0
Net investing cash flows	0	(24)
1.14 Total operating and investing cash flows	(2,920)	(6,254)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	0	0
1.16 Proceeds from sale of forfeited shares	0	0
1.17 Proceeds from borrowings	0	0
1.18 Repayment of borrowings	0	0
1.19 Dividends paid	0	0
1.20 Other (provide details if material)	0	0
Net financing cash flows	0	0
Net increase (decrease) in cash held	(2,920)	(6,254)
1.21 Cash at beginning of quarter/year to date	15,447	17,899
1.22 Exchange rate adjustments to item 1.20	(415)	467
1.23 Cash at end of quarter	12,112	12,112

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Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	268
1.25	Aggregate amount of loans to the parties included in item 1.11	0
1.26	<p>Explanation necessary for an understanding of the transactions</p> <p>Item 1.7: Receipt of ATO R&D tax credit refund and royalty payments.</p> <p>Item 1.20: Other cash flow movements related to financing activities consist of capital raising costs.</p> <p>Item 1.24: Payments to directors consist of Directors' salaries and the Directors' fees for the quarter, including superannuation and payments to a consultant who is related to the CEO. This excludes any amounts that were unpaid as at the end of the quarter.</p>	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
- N/A
- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest
- N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	---	---
3.2	Credit standby arrangements	---	---

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Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	883	1,243
4.2 Deposits at call	11,229	14,204
4.3 Bank overdraft	0	0
4.4 Other (provide details)	0	0
Total: cash at end of quarter (item 1.23)	12,112	15,447

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	N/A	N/A
5.2 Place of incorporation or registration	N/A	N/A
5.3 Consideration for acquisition or disposal	N/A	N/A
5.4 Total net assets	N/A	N/A
5.5 Nature of business	N/A	N/A

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
(Director/Company secretary)

Date: 31 January 2012

Print name: Peggy Brooker
Chief Financial Officer

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Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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