APPENDIX 4D – Half-Year Results Ended 31 December 2018

Brisbane, Australia – ImpediMed Limited (ASX.IPD), a global provider of medical technology to non-invasively measure, monitor and manage tissue composition and fluid status using bioimpedance spectroscopy (BIS), today released its Appendix 4D and reviewed financial results for the half-year ended 31 December 2018.

Financial highlights for the half-year ended 31 December 2018 include:

- Contracted Revenue Pipeline\(^1\) increased to $7.0 million, up 483% from $1.2 million as of 31 December 2017;
- $4.1 million in Total Contract Value\(^2\) for SOZO\(^\circ\) signed during the half-year, up 156% from $1.6 million during the previous corresponding period (pcp);
- $2.5 million in Annual Recurring Revenue\(^3\) for SOZO\(^\circ\) contracts as of 31 December 2018, up 257% from $0.7 million as of 31 December 2017;
- 317 contracted SOZO\(^\circ\) devices since launch, compared to 103 as of 31 December 2017;
- Total revenue for the period was $1.8 million, including $0.8 million in recognised SOZO\(^\circ\) revenue;
- Net cash flows used in operating activities were $9.4 million, compared to $11.7 million for the pcp;
- Total loss from continuing operations after income tax was $12.1 million, compared to $14.4 million for the pcp; and
- Cash balance at 31 December 2018 was $22.6 million, compared to $31.3 million at 30 June 2018.

Operational highlights for the half-year and through the reporting date include:

- PREVENT Trial accepted for publication and presentation at the 2019 annual meeting of the American Society of Breast Surgeons (ASBrS). The prespecified, interim detailed results of the PREVENT trial will be presented during the scientific session of the 2019 Annual Meeting of the American Society of Breast Surgeons (ASBrS) in Dallas, Texas, from 30 April to 5 May 2019. The full PREVENT manuscript has been accepted for publication by the Annals of Surgical Oncology and will be released immediately following the presentation by the PREVENT trial principal investigator.

\(^{1}\) Contracted Revenue Pipeline (CRP): Future period revenue amounts related to TCV that are yet to be reported as recognised revenue.

\(^{2}\) Total Contract Value (TCV): Total value of customer contracts including one-time and recurring revenue.

\(^{3}\) Annual Recurring Revenue (ARR): The amount of revenue reasonably expected to be booked for the next 12-month period based on existing signed contracts, and assuming installation upon sale.
The full manuscript of the previously announced abstract “Correlation of Limb Bioimpedance to Echocardiographic Indicators of Congestion in Patients with NYHA Class II/III Heart Failure” has been published in the Cardiology and Vascular Research journal.

Announced receipt of a multi-year national purchasing agreement for the SOZO® Digital Health Platform from Ascension Health Resources;

Commenced enrollment of 200 Patient Heart Failure Trial;

Sale of the assets of XiTRON Technologies, Inc.;

First health plan adopted SOZO® for CHF monitoring;

Bioimpedance and L-Dex Recommended in Leading Journals
- “Lymphedema after Breast Cancer Treatment” was published in the New England Journal of Medicine (NEJM) on 15 November 2018 by Dr. Stanley Rockson, Allan and Tina Neill Professor of Lymphatic Research and Medicine at Stanford University;
- “Correlation of L-Dex Bioimpedance Spectroscopy with Limb Volume and Lymphatic Function in Lymphedema” was published by MD Anderson, and it concluded that L-Dex correlates most closely with all measures and is the recommended metric when using BIS;
- Dr. Stanley T. Rockson in Lymphatic Research and Biology (LRB), focused his editorial piece on a single article, the first paper published on the first 12 months of the PREVENT trial, which recommended a strict protocol using BIS in surveillance of cancer survivors for early detection of lymphoedema.

Publication of “Early Surveillance Is Associated With Less Incidence and Severity of Breast Cancer-Related Lymphedema Compared With a Traditional Referral Model of Care” in Cancer by Louise Koelmeyer from Macquarie University. The study found that the use of BIS as part of an early prospective surveillance model of care results in significantly earlier detection of lymphoedema over time and that earlier detection of lymphoedema will lead to lower health care costs;

SOZO® Abstract Presentations at Key Scientific Cardiology Meetings; and

Strong Initial Data from PREVENT Trial
- Bioimpedance spectroscopy (BIS) and L-Dex® suggested as the new standard of care for cancer survivors at risk of developing lymphoedema at the first educational seminar presented by the Principal Investigator of the PREVENT trial – “Removing the Mystery Around Bioimpedance – Moving Towards a New Standard of Care”. The presentation was the first in a series of seminars to take place across the US and Australia and included top-line results from the interim analysis of the PREVENT trial.
- PREVENT trial results published with outstanding initial data. The authors from the PREVENT trial concluded that L-Dex® is very sensitive in the assessment of sub-clinical lymphoedema in patients with a history of breast cancer. The paper also supports the recommendation for an aggressive measurement protocol consisting of an L-Dex® assessment every three months, especially during the first 6 to 12 months post-surgery to facilitate identification of sub-clinical lymphoedema.

“We made significant progress building our SOZO® business this half-year, with signed contracts in excess of $4.0 million and $7.0 million in Contracted Revenue Pipeline still to be recognized as revenue as of 31 December. With the PREVENT interim results manuscript now accepted for publication, we have turned our focus to meeting with Private Payors and preparing applications for the NCCN Guideline inclusion and technical review by a major..."
payor. We look forward to continue reporting on the progress of our commercial expansion, our clinical programs, and our private payor reimbursement progress in the coming quarters,” said Richard Carreon, Managing Director and CEO of ImpediMed.

Richard Carreon
Managing Director & CEO

Media Contact:
Kyahn Williamson, WE Buchan
T: +61 3 9866 4722
E: kwilliamson@buchanwe.com.au

About ImpediMed
Founded and headquartered in Brisbane, Australia with US and European operations, ImpediMed is the world leader in the design and manufacture of medical devices employing bioimpedance spectroscopy (BIS) technologies for use in the non-invasive clinical assessment and monitoring of tissue composition and fluid status.

ImpediMed produces a family of FDA cleared and CE Marked medical devices, including SOZO® for multiple indications including heart failure and lymphoedema, sold in select markets globally.

For more information, visit www.impedimed.com.
ImpediMed Limited
ABN 65 089 705 144

Appendix 4D

for the half-year ended 31 December 2018

(previous corresponding period : half-year ended 31 December 2017)

The information contained in this document should be read in conjunction with the financial statements for the year ended 30 June 2018 and any public announcements made by ImpediMed Limited and its controlled entities (the "Group") during the interim reporting period in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

2 Results for announcement to the market

<table>
<thead>
<tr>
<th>Current period</th>
<th>Increase / Decrease</th>
<th>Movement %</th>
</tr>
</thead>
<tbody>
<tr>
<td>$000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1 Revenue from ordinary activities</td>
<td>1,801</td>
<td>Increase</td>
</tr>
<tr>
<td>2.2 Loss from ordinary activities after tax attributable to members</td>
<td>(12,144)</td>
<td>Decrease</td>
</tr>
<tr>
<td>2.3 Net loss for the period attributable to members</td>
<td>(12,271)</td>
<td>Decrease</td>
</tr>
<tr>
<td>2.4 Dividends</td>
<td>NIL</td>
<td></td>
</tr>
</tbody>
</table>

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 half-year Financial Report for the current reporting period.

During the current reporting period, the Group applied AASB 5 Non-current Assets Held for Sale and Discontinued Operations as part of accounting for the divesture of XTRON Technologies, Inc. and the T&M operating segment. Refer to Note 16 for additional information.

During the current reporting period, the Group applied AASB 15 Revenue from Contracts with Customers for the first time. Refer to Note 17 for additional information.
3. **Net tangible assets per ordinary security**

<table>
<thead>
<tr>
<th></th>
<th>Current period</th>
<th>Previous corresponding period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net tangible assets ($000)</td>
<td>$22,271</td>
<td>$42,765</td>
</tr>
<tr>
<td>Issued share capital at reporting date ($000)</td>
<td>$219,744</td>
<td>$219,620</td>
</tr>
<tr>
<td>Number of shares on issue at reporting date</td>
<td>378,993,655</td>
<td>378,083,437</td>
</tr>
<tr>
<td>Net tangible assets per ordinary security</td>
<td>$0.06</td>
<td>0.11</td>
</tr>
</tbody>
</table>

4. **Acquisitions and divestments**

In October 2018, the Group divested XiTRON Technologies, Inc., a wholly owned subsidiary of ImpediMed.

This resulted in an operating loss from ordinary activities of $94,000 for the current period (31 December 2017: $48,000) attributable to the test and measurement operating segment of XiTRON Technologies, Inc. The total loss from discontinued operations for the current period was $127,000 (31 December 2017: $48,000).

5. **Details of dividends**

There were no dividends paid during the period or payable at 31 December 2018.

6. **Dividend Reinvestment Plans**

The Group 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 Report.
Our mission is to improve patients’ lives by providing solutions that will allow a deeper understanding of the human body and the importance of fluid status and tissue analysis.
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CHAPTER 1

CORPORATE INFORMATION
CORPORATE INFORMATION

This financial report covers the consolidated entity comprising ImpediMed Limited (the “Parent” or “Company”) with its wholly-owned subsidiaries (the “Group”). The Parent’s functional and presentation currency and the Group’s presentation currency is the Australian dollar (AUD or $). The Group conducts a significant portion of its transactions in US dollars (USD), which may have an impact on the amounts presented in AUD. 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
Non-Executive Directors
Scott Ward, MS, BSc
Chairman
Non-executive Director
Judith Downes, BA(Hons), DipEd, GradDipBus(Acct), FAICD, FCPA, FCA
Non-executive Director
Gary Goetzke, Juris Doctorate
Non-executive Director
Robert Graham, AO, FAHMS, MBBS, MD, FFACRP, FACP, FAHA
Non-executive Director
Amit Patel, MBA, BEng
Non-executive Director
Donald Williams, CPA
Non-executive Director

Managing Director
Richard Carreon,
Managing Director
and Chief Executive Officer

COMPANY SECRETARY
Leanne Ralph

REGISTERED OFFICE
Unit 1, 50 Parker Court
Pinkenba QLD 4008

PRINCIPAL PLACES OF BUSINESS
US Headquarters
5900 Pasteur Court, Suite 125
Carlsbad CA 92008 USA
Phone: +1 760 585 2100

AU Headquarters
Unit 1, 50 Parker Court
Pinkenba QLD 4008
Phone: +61 7 3850 3700

SHARE REGISTER
Link Market Services
Level 21
10 Eagle Street
Brisbane QLD 4000
Phone: +61 7 3200 2200

ImpediMed Limited shares are listed on the Australian Securities Exchange (ASX): ASX code “IPD”.

WEBSITE AND SOCIAL MEDIA
www.impedimed.com
Medical technology today continues to evolve at an unprecedented pace. New advances are coming to the forefront to improve the lives of patients through smart technology. Cancer survivors today should not have to worry about sequelae such as lymphoedema. Lymphoedema continues to debilitate millions of cancer survivors. Early detection of lymphoedema is critical and may well prevent this horrible disease.

Patients living with heart failure should be able to easily and effectively monitor and manage their fluid status at home, yet millions end up back in the hospital shortly after they have been sent home. It is time to get smart and join the growing movement towards better, individualised healthcare. No patient should go untested who could benefit from our technology.

SOZO is the proactive solution.
DIRECTORS’ REPORT

CHAPTER 2
Your Directors submit their report together with the consolidated interim financial report for ImpediMed Limited for the half-year ended 31 December 2018.

DIRECTORS

The names and details of the Parent's Directors (the "Board") in office during the half-year and until the date of this report are outlined below. Directors were in office for this entire period unless otherwise stated.

Scott Ward, MS, BSc
Chairman
Non-executive Director

Judith Downes, BA(Hons), DipEd, GradDipBus(Acct), FAICD, FCPA, FCA
Non-executive Director

Gary Goetzke, Juris Doctorate
Non-executive Director

Robert Graham, AO, FAHMS, MBBS, MD, FRACP, FACP, FAHA
Non-executive Director

Amit Patel, MBA, BEng
Non-executive Director

Donald Williams, CPA
Non-executive Director

MANAGING DIRECTOR

Richard Carreon
Managing Director and Chief Executive Officer

PRINCIPAL ACTIVITIES

ImpediMed is the world leader in the design and manufacture of medical devices employing bioimpedance spectroscopy (BIS) technologies for use in the non-invasive clinical assessment and monitoring of tissue composition and fluid status.

ImpediMed was the first company to receive U.S. Food and Drug Administration ("FDA") clearance in the U.S. to aid healthcare professionals to clinically assess unilateral lymphoedema of the arm and leg in women and the leg in men, for its L-Dex® device. In addition, ImpediMed produces a family of FDA cleared and CE Marked medical devices, including SOZO®, sold in select markets globally.

OPERATING AND FINANCIAL REVIEW

GROUP OVERVIEW

ImpediMed Limited was founded in Brisbane, Australia in October 1999, and was listed on the ASX on 24 October 2007. The Group consists of four entities:

- ImpediMed Limited, the Parent company operating in medical markets in regions outside North America; incorporated in 1999 and listed on the ASX on 24 October 2007.
- ImpediMed Incorporated, a Delaware corporation operating in medical markets in North America.
- ImpediMed Hellas, a Kalamaria, Greece corporation operating in a research & development and marketing capacity in Europe.
- ImpediMed TM Incorporated (formally XITRON Technologies, Incorporated), a California corporation formerly operating in power test and measurement markets globally. ImpediMed TM Incorporated was acquired by ImpediMed Limited on 1 October 2007.
MILESTONES

11 SEPTEMBER 2018
SOZO ABSTRACT PRESENTATIONS AT KEY SCIENTIFIC CARDIOLOGY MEETINGS

Two abstracts demonstrating utilisation of its SOZO device were presented during poster presentations by A.J. Accardi, M.D. at the American Heart Congress – CVD, October 5-6, 2018, Los Angeles: Utilisation of Bioimpedance Spectroscopy in Lieu of Invasive Monitoring Fluid Overload and Correlation of Limb Bioimpedance to Echocardiographic Indicators of Congestion in patients with heart Failure.

24 SEPTEMBER 2018
L-DEX SUGGESTED AS NEW STANDARD OF CARE

The Completion of the first in a series of educational seminars were presented by the Principal Investigator of the PREVENT trial “Removing the Mystery Around Bioimpedance - Moving Towards a New Standard of Care”. The presentation included top-line results from the interim analysis of the PREVENT trial and demonstrated that L-DEX technology was seamlessly integrated into some of the busiest breast cancer clinics in the world.

16 OCTOBER 2018
HEALTH PLAN ADOPTS SOZO® FOR MONITORING CHF PATIENTS

Golden State Medicare Health Plan has made an initial purchase of ten (10) SOZO digital health platforms, as well as ongoing monthly subscription service fees for the management of heart failure patients in the home. Golden State Medicare Health Plan is a Health Maintenance Organization (HMO) that specializes in the care of seniors. An HMO is an organization that provides health coverage for a monthly or annual fee.

10 OCTOBER 2018
FIRST PATIENT ENROLLED IN 200 PATIENT HEART FAILURE (“HF”) TRIAL

With the first patient in this at-home HF trial now enrolled, the study will follow patients at home for 45 days post discharge from a HF-related hospital admission. The study is designed to demonstrate the extent to which changes in SOZO BIS measurements preempt patient-reported symptoms of acute HF that lead to hospital readmissions.

19 NOVEMBER 2018
BIOMEPDANCE AND L-DEX RECOMMENDATION PUBLISHED IN LEADING JOURNALS

Dr. Stanley Rockson, Allan and Tina Neill, Professors of Lymphatic Research and Medicine at Stanford University, authored a case vignette, titled “Lymphedema after Breast Cancer Treatment” which was published in the New England Journal of Medicine (NEJM) on 15 November 2018. Dr. Rockson recommended placing the patient in a surveillance program, including quarterly assessment using bioimpedance during the first year after treatment.

10 DECEMBER 2018
EARLY SURVEILLANCE WITH L-DEX® REDUCES INCIDENCE, SEVERITY AND COST

A landmark study out of Macquarie University was published in Cancer. Cancer is an international journal of the American Cancer Society. The study conducted by Louise Koelmeyer, Lymphedema Program Manager, ALERT – Australian Lymphoedema Education, Research & Treatment, found that the use of BIS as part of an early prospective surveillance model of care results in significantly earlier detection of lymphoedema over time and that earlier detection of lymphoedema will lead to lower health care costs.
Operating and Financial Review

Operating Results for the Period from Continuing Operations

Revenue related to subscriptions and consumables for the current period was $1.3 million (31 December 2017: $1.0 million), an increase of 30% over the previous corresponding period. This increase in revenue was attributable to an increase in SOZO assessment fees, offset by a decrease in legacy consumables revenue as the existing customer base transitions to SOZO. Revenue related to SOZO for the current period was $0.8 million (31 December 2017: $0.2 million), an increase of 300% from the previous corresponding period. Of the SOZO revenue, $0.5 million related to recurring subscription revenue streams (31 December 2017: $8,000).

At 31 December 2018 and 2017, SOZO units in the market totaled 317 and 103, respectively, representing a 208% increase in the number of units in the market since the initial launch of the product. The majority of the revenue associated with these SOZO units will be recognised over the lives of the respective contracts.

In addition to revenue recognised during the current period, Contracted Revenue Pipeline (CRP) at 31 December 2018 totaled $7.0 million (31 December 2017: $1.2 million), an increase of 483%. Annual Recurring Revenue (ARR) at 31 December 2018 totaled $2.5 million (31 December 2017: $0.7 million), an increase of 257%.

TCV, CRP and ARR are unaudited, non-AASB financial metrics that do not represent revenue in accordance with Australian Accounting Standards. Refer to page 19 of this report for a glossary of terms used by ImpediMed under the subscription revenue model.

Cost of goods sold for the current period were $0.7 million (31 December 2017: $0.4 million). The increase is primarily attributable to an increase in the number of SOZO device sales in the current period compared to the prior period.

During the period, the Group sold its products through a mix of employed sales reps and independent distributors. In the U.S. lymphoedema market, the Group has an employed, direct sales force that focuses on the sale of SOZO with L-Dex for both the unilateral and bilateral indications, as well as the associated subscription revenue agreements for patient assessments in the lymphoedema market for both of these indications.

GLOSSARY OF TERMS USED BY IPD

<table>
<thead>
<tr>
<th>Total Contract Value (TCV) (i):</th>
<th>The total value of customer contracts including one-time and recurring revenue.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracted Revenue Pipeline (CRP) (i):</td>
<td>The future period revenue amounts related to TCV that are yet to be reported as recognised revenue. Certain customer contracts that make up the Group's CRP contain cancellation clauses related to services yet to be performed. The Contracted Revenue Pipeline assumes no churn, highlighting the importance of customer experience and satisfaction.</td>
</tr>
<tr>
<td>Annual Recurring Revenue (ARR) (i):</td>
<td>The amount of revenue reasonably expected to be booked for the next 12-month period based on existing contracts signed, and assuming installation upon sale.</td>
</tr>
</tbody>
</table>

(i) TCV, CRP and ARR are unaudited, non-AASB financial metrics that do not represent revenue in accordance with Australian Accounting Standards.
The loss from continuing operations after income tax for the period was $12.1 million (31 December 2017: $14.4 million). The decreased loss, when compared with the prior period is primarily attributed to an increase in total revenue of $0.3 million, increased capitalised software development costs of $0.9 million, decreased impairment expenses of $0.7 million, and overall financial discipline across all departments.

Salaries and benefits for the six-months ended 31 December 2018 totaled $7.7 million (31 December 2017 $8.5 million), a decrease of 9%. The decrease was primarily attributable to certain employee costs capitalised as software development costs related to the next generation SOZO software (SOZO 3.0). This intangible asset will begin amortising after the completion of the project.

Administration and governance costs for the six-months ended 31 December 2018 totaled $1.1 million (31 December 2017 $1.9 million), a decrease of 42%. This decrease is attributable to significant provisions on inventory and accounts receivable in the prior period.

Consultants and professional fees for the six-months ended 31 December 2018 totaled $1.0 million (31 December 2017 $1.5 million), a decrease of 33%. The decrease is primarily attributable to reduced sales and marketing consulting expenses for regions outside of the United States.

Share based payments for the six-months ended 31 December 2018 totaled $1.9 million (31 December 2017 $1.5 million), an increase of 27%. This increase is due to the continued expenditure of options and performance rights issued in the prior period.

The average exchange rate for the reporting period was U.S. dollar (USD) $0.72 to Australian dollar (AUD) $1.00 (31 December 2017 $0.78). During the period, the Group incurred an unrealised mark-to-market foreign currency translation loss of $6,000 (31 December 2017: $30,000 loss).
For the Six-Months Ended 31 December

<table>
<thead>
<tr>
<th>Quarter</th>
<th>CASH AND CASH EQUIVALENTS</th>
<th>NET CASH FLOW USED IN OPERATING ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 June 2018</td>
<td>$31.3 million</td>
<td>$11.7 million</td>
</tr>
<tr>
<td>31 December 2018</td>
<td>$22.6 million</td>
<td>$9.4 million</td>
</tr>
</tbody>
</table>

For personal use only
The Group announced that the full manuscript of the previously announced abstract Correlation of Limb Bioimpedance to Echocardiographic Indicators of Congestion in Patients with NYHA Class II/III Heart Failure has been published in the Cardiology and Vascular Research journal.

The manuscript’s conclusions state “Preliminary findings demonstrated excellent correlations with BIS measurements and [inferior vena cava] IVC size, right atrial pressure and pulmonary artery systolic pressure measurements which suggest a possible alternative method to detect fluid overload despite the small sample size. Trending a patient’s impedance using the SOZO device at home or the practitioner’s office may assist clinicians in providing more accurate, individualized [heart failure] HF care.”

The Group announced that the prespecified, interim detailed results of the PREVENT trial will be presented during the scientific session of the 2019 Annual Meeting of the American Society of Breast Surgeons (ASBrS) in Dallas, Texas, from 30 April to 5 May 2019. ASBrS is the primary leadership organisation for general surgeons who treat patients with breast disease. The results of the PREVENT trial are subject to the embargo policy of the ASBrS 20th Annual Meeting until 12:30 p.m. Eastern time on 2 May 2019.

The full PREVENT manuscript has been accepted for publication in the Annals of Surgical Oncology and will be released immediately following the presentation by the PREVENT trial principal investigator. Annals of Surgical Oncology is one of the leading journals in Oncology and Surgery and features original articles on the latest advances in oncology for surgeons from all specialties. The full manuscript will provide detailed analysis of the top line results previously announced to the market.

The Group announced that it received a multi-year national purchasing agreement for its SOZO Digital Health Platform from Ascension Health Resources. This agreement allows the 151 Ascension hospitals to take advantage of pre-negotiated pricing and streamlined IT integration of the SOZO platform. Ascension is the largest non-profit health system in the US and the largest Catholic health system in the world.

Audit’s Independence Declaration to the Directors of ImpediMed Limited

As lead auditor for the review of ImpediMed Limited for the half-year ended 31 December 2018, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of ImpediMed Limited and the entities it controlled during the financial period.

Signed in accordance with a resolution of the directors.

Scott Ward
Chairman

Judith Downes
Director

21 February 2019
CONSORTIUM STATEMENT OF COMPREHENSIVE INCOME
For the Half-Year Ended 31 December

<table>
<thead>
<tr>
<th>Notes</th>
<th>2018 $000</th>
<th>2017 $000 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CONTINUING OPERATIONS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue from Subscriptions and Consumables</td>
<td>5</td>
<td>1,332</td>
</tr>
<tr>
<td>Revenue from Devices</td>
<td>5</td>
<td>440</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>5</td>
<td>29</td>
</tr>
<tr>
<td>Total Revenue</td>
<td></td>
<td>1,801</td>
</tr>
<tr>
<td>Cost of Revenue</td>
<td></td>
<td>(670)</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td></td>
<td>1,131</td>
</tr>
<tr>
<td>Finance Income</td>
<td></td>
<td>220</td>
</tr>
<tr>
<td>Other Income and Finance Costs</td>
<td>6</td>
<td>1,371</td>
</tr>
<tr>
<td>Salaries and Benefits</td>
<td>7</td>
<td>(7,664)</td>
</tr>
<tr>
<td>Research and Development</td>
<td>7</td>
<td>(1,454)</td>
</tr>
<tr>
<td>Administrative and Governance</td>
<td>7</td>
<td>(1,120)</td>
</tr>
<tr>
<td>Consultants and Professional Fees</td>
<td>7</td>
<td>(1,008)</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>7</td>
<td>(299)</td>
</tr>
<tr>
<td>Advertising and Promotion</td>
<td></td>
<td>(268)</td>
</tr>
<tr>
<td>Rent and Property Expenses</td>
<td></td>
<td>(204)</td>
</tr>
<tr>
<td>Travel Expenses</td>
<td></td>
<td>(707)</td>
</tr>
<tr>
<td>Share Based Payments</td>
<td>12</td>
<td>(1,861)</td>
</tr>
<tr>
<td>IT and Other Expenses</td>
<td></td>
<td>(275)</td>
</tr>
<tr>
<td><strong>Loss from Continuing Operations Before Income Tax</strong></td>
<td></td>
<td>(12,138)</td>
</tr>
<tr>
<td>Income Tax</td>
<td></td>
<td>(6)</td>
</tr>
<tr>
<td><strong>Loss from Continuing Operations After Income Tax</strong></td>
<td></td>
<td>(12,144)</td>
</tr>
<tr>
<td>Discontinued Operations</td>
<td>16</td>
<td>(127)</td>
</tr>
<tr>
<td><strong>Net Loss from Continuing Operations</strong></td>
<td></td>
<td>(12,271)</td>
</tr>
<tr>
<td><strong>OTHER COMPREHENSIVE INCOME / LOSS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items that may be reclassified to profit or (loss):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign Currency Translation Gain / (Loss)</td>
<td></td>
<td>1,292</td>
</tr>
<tr>
<td>Other Comprehensive Gain / (Loss) for the Period, Net of Tax</td>
<td></td>
<td>1,292</td>
</tr>
<tr>
<td><strong>Total Comprehensive Loss</strong></td>
<td></td>
<td>(10,979)</td>
</tr>
<tr>
<td>Basic and Diluted Loss Per Share</td>
<td>2</td>
<td>(0.03)</td>
</tr>
</tbody>
</table>

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

CONSOLIDATED BALANCE SHEET

<table>
<thead>
<tr>
<th>Notes</th>
<th>As at 31 Dec 2018 $000</th>
<th>As at 30 Jun 2018 (Restated) $000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>8</td>
<td>22,638</td>
</tr>
<tr>
<td>Trade and Other Receivables, net</td>
<td>9</td>
<td>2,185</td>
</tr>
<tr>
<td>Contract Assets</td>
<td></td>
<td>50</td>
</tr>
<tr>
<td>Inventories, net</td>
<td></td>
<td>1,639</td>
</tr>
<tr>
<td>Prepayments</td>
<td></td>
<td>325</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td></td>
<td>26,837</td>
</tr>
<tr>
<td>Non Current Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Financial Assets</td>
<td></td>
<td>75</td>
</tr>
<tr>
<td>Property and Equipment</td>
<td></td>
<td>251</td>
</tr>
<tr>
<td>Intangible Assets</td>
<td>10</td>
<td>1,843</td>
</tr>
<tr>
<td>Goodwill</td>
<td>10</td>
<td>2,570</td>
</tr>
<tr>
<td><strong>Total Non-Current Assets</strong></td>
<td></td>
<td>4,739</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td>31,576</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and Other Payables</td>
<td></td>
<td>2,286</td>
</tr>
<tr>
<td>Contract Liabilities</td>
<td></td>
<td>291</td>
</tr>
<tr>
<td>Provisions</td>
<td></td>
<td>2,206</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td></td>
<td>4,783</td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions</td>
<td></td>
<td>109</td>
</tr>
<tr>
<td><strong>Total Non-Current Liabilities</strong></td>
<td></td>
<td>109</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td></td>
<td>4,892</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td>26,684</td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued Capital</td>
<td>11</td>
<td>219,744</td>
</tr>
<tr>
<td>Reserves</td>
<td></td>
<td>23,805</td>
</tr>
<tr>
<td>Accumulated Losses</td>
<td></td>
<td>(216,865)</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td></td>
<td>26,684</td>
</tr>
</tbody>
</table>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.
## CONSOLIDATED STATEMENT OF CASH FLOWS
For the Half-Year Ended 31 December

<table>
<thead>
<tr>
<th>Notes</th>
<th>2018 $000</th>
<th>2017 $000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts from Customers (Inclusive of GST and US Sales Tax)</td>
<td>2,295</td>
<td>2,359</td>
</tr>
<tr>
<td>Payments to Suppliers (Inclusive of GST and US Sales Tax)</td>
<td>(5,993)</td>
<td>(7,219)</td>
</tr>
<tr>
<td>Payments to Employees</td>
<td>(8,858)</td>
<td>(9,479)</td>
</tr>
<tr>
<td>Interest Received</td>
<td>227</td>
<td>205</td>
</tr>
<tr>
<td>Other Receipts</td>
<td>2,949</td>
<td>2,463</td>
</tr>
<tr>
<td><strong>Net Cash Flows Used in Operating Activities</strong></td>
<td>(9,380)</td>
<td>(11,671)</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from the Disposal of a Business, net of Disposal Costs</td>
<td>16</td>
<td>467</td>
</tr>
<tr>
<td>Purchase of Property and Equipment</td>
<td>(21)</td>
<td>(51)</td>
</tr>
<tr>
<td>Development Expenditures and Purchase of Intangibles</td>
<td>(974)</td>
<td>(332)</td>
</tr>
<tr>
<td><strong>Net Cash Flows Used in Investing Activities</strong></td>
<td>(528)</td>
<td>(83)</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from Issue of Ordinary Shares</td>
<td>16</td>
<td>144</td>
</tr>
<tr>
<td>Transaction Costs from Capital Raising</td>
<td>(2)</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>Net Cash Flows From Financing Activities</strong></td>
<td>14</td>
<td>137</td>
</tr>
<tr>
<td><strong>Net Decrase in Cash and Cash Equivalents</strong></td>
<td>(9,894)</td>
<td>(11,617)</td>
</tr>
<tr>
<td>Net Foreign Exchange Differences</td>
<td>1,187</td>
<td>(861)</td>
</tr>
<tr>
<td>Cash and Cash Equivalents at Beginning of Period</td>
<td>31,345</td>
<td>54,884</td>
</tr>
<tr>
<td><strong>Cash and Cash Equivalents at the End of the Period</strong></td>
<td>22,658</td>
<td>42,406</td>
</tr>
</tbody>
</table>

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.
NOTES TO THE FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2018

CONTENTS

Page 36  1. Basis of Preparation
Page 37  2. Earnings per Share (EPS)
Page 37  3. Dividends Paid and Proposed
Page 38  4. Segment Reporting
Page 40  5. Revenue
Page 40  6. Other Income
Page 40  7. Expenses
Page 42  8. Cash and Cash Equivalents
Page 42  9. Trade and Other Receivables
Page 43  10. Intangible Assets and Goodwill
Page 43  11. Issued Capital
Page 44  12. Share-Based Payment Plans
Page 45  13. Related Party Disclosure
Page 45  14. Commitments and Contingencies
Page 45  15. Events after the Balance Sheet Date
Page 46  16. Discontinued Operations
Page 47  17. Changes to the Group's Accounting Policies
1. Basis of Preparation

Certain prior period amounts have been reclassified for financial statement presentation purposes. These reclassifications have no impact to previously reported net loss and other comprehensive income.

GOING CONCERN

These financial statements have been prepared on a going concern basis, which assumes continuity of normal business activities, the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group had cash at its disposal of $22.6 million at 31 December 2018 (30 June 2018: $31.3 million) and had no borrowing from banks or other financial institutions at that date.

Whilst the Group continues to generate operating losses and net cash outflows from operations, the Board approved operating plan and cash flow projections demonstrate that the Group will be able to pay its debts as and when they fall due for a period in excess of 12-months from the date the financial report has been signed. The Board approved operating plan includes assumptions around the continued growth in sales, and in the event that the Group does not achieve the sales forecasts, the Group has the ability to reduce discretionary operating expenditure to enable the Group to continue to be able to pay its debts as and when they fall due for a period in excess of 12-months from the date the financial report has been signed. On that basis, the going concern assumption has been used.

2. Earnings per Share (EPS)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Loss used in Calculating Basic and Diluted Earnings</td>
<td>(12,144)</td>
<td>(14,433)</td>
</tr>
<tr>
<td>Continuing Operations</td>
<td>(127)</td>
<td>(48)</td>
</tr>
<tr>
<td>Discontinuing Operations</td>
<td>(12,271)</td>
<td>(14,481)</td>
</tr>
<tr>
<td>Net Loss Attributable to Ordinary Equity Holders of the Parent for Basic and Diluted Earnings per Share</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Weighted Average Number of Ordinary Shares Used in Calculating Basic and Diluted Earnings per Share</td>
<td>378,993,655</td>
<td>375,614,079</td>
</tr>
<tr>
<td>Basic and Diluted Loss per Share</td>
<td>(0.03)</td>
<td>(0.04)</td>
</tr>
<tr>
<td>Basic and Diluted Loss per Share from Continuing Operations</td>
<td>(0.03)</td>
<td>(0.04)</td>
</tr>
</tbody>
</table>

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares outstanding between the reporting date and the date of authorization of these financial statements.

Basic earnings per share (EPS) is calculated as net profit attributable to members of the Parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element. There were no preference share dividends during the period. Diluted earnings per share, which is currently not applicable to the Group due to the net loss, would be calculated as net profit attributable to members of the parent, adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends;
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;
- Divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element

No difference resulted in calculating the basic and diluted EPS for discontinued operations for the current reporting period and the prior corresponding period.

During the current period, there were no new issuances of shares. For the prior period, all issuances of shares were related to the exercise of options and vesting of performance rights by employees and consultants.

As of the end of current period there were 32,830,038 (30 June 2018: 32,226,038) options and 4,741,500 (30 June 2018: 4,431,500) performance rights on issue.

3. Dividends Paid and Proposed

There were no dividends paid or proposed during the current reporting period or in the prior corresponding period.
4. Segment Reporting

The following table presents revenue and profit information for reportable segments for the half-years ended 31 December 2018 and 2017.

During the half-year, the Chief Executive Officer, who is the Chief Operating Decision Maker, reviewed the business revenue information categorised by the Group’s SOZO and Legacy product lines which make up Medical segment, consistent with the previous annual report. The Group is no longer including the Test and Measurement segment (refer to Note 16 Discontinued Operations). As a result of the discontinued operations in the current period, all items from Net Loss are now allocated to the Medical segment.

<table>
<thead>
<tr>
<th>Half-Year Ended 31 Dec 2018</th>
<th>Medical</th>
<th>Total $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOZO® $000</td>
<td>Legacy $000</td>
<td>Total $000</td>
</tr>
<tr>
<td>Revenue from Subscriptions and Consumables</td>
<td>486</td>
<td>846</td>
</tr>
<tr>
<td>Revenue from Devices</td>
<td>317</td>
<td>123</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>12</td>
<td>17</td>
</tr>
<tr>
<td>Total Revenue by Segment</td>
<td>815</td>
<td>986</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Half-Year Ended 31 Dec 2017</th>
<th>Medical</th>
<th>Total $000 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOZO® $000</td>
<td>Legacy $000</td>
<td>Total $000</td>
</tr>
<tr>
<td>Revenue from Subscriptions and Consumables</td>
<td>8</td>
<td>1,034</td>
</tr>
<tr>
<td>Revenue from Devices</td>
<td>219</td>
<td>227</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>-</td>
<td>29</td>
</tr>
<tr>
<td>Total Revenue by Segment</td>
<td>227</td>
<td>1,290</td>
</tr>
</tbody>
</table>

GEOGRAPHICAL INFORMATION

The following information presents revenue and loss information for the six-months ended 31 December 2018 and 2017 and non-current assets information regarding geographical segments as at 31 December 2018 and 30 June 2018. Revenue data is based on the location of the customer for geographical reporting purposes.

Australia / Rest of World (ROW)

Australia is the corporate home office of the Group and the main domicile of its research and product development activities, contract manufacturing of devices and corporate services. The Australia / ROW geographical segment primarily sells and ships Medical segment products to customers and distributors located in Australia, Europe and the rest of the world excluding the US.

North America

The Group’s North American office in Carlsbad, California serves as the operational hub for the Medical segment and the domicile of its main assets and executive personnel. This office sells and ships Medical segment products to customers located in the US.

SEGMENT ASSETS

The following table presents segment assets of the Group’s operating segments as at 31 December 2018 and 30 June 2018.

<table>
<thead>
<tr>
<th>As at 31 December 2018</th>
<th>Medical $000</th>
<th>T&amp;M $000</th>
<th>Total $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment Assets</td>
<td>31,576</td>
<td>-</td>
<td>31,576</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>As at 30 June 2018</th>
<th>Medical $000</th>
<th>T&amp;M $000</th>
<th>Total $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment Assets (Restated)</td>
<td>40,532</td>
<td>1,037</td>
<td>41,569</td>
</tr>
</tbody>
</table>

ADJUSTMENTS AND ELIMINATIONS

As a result of the discontinued operations in the current period, all finance income, finance costs, and depreciation and amortization expenses have been allocated to the Medical operating segment.
5. REVENUE

<table>
<thead>
<tr>
<th>Sale of Goods and Subscription Services</th>
<th>2018 $000</th>
<th>2017 $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from Subscriptions (i)</td>
<td>486</td>
<td>8</td>
</tr>
<tr>
<td>Revenue from Consumables (i)</td>
<td>846</td>
<td>1,034</td>
</tr>
<tr>
<td>Total Revenue from Subscriptions and Consumables</td>
<td>1,332</td>
<td>1,042</td>
</tr>
<tr>
<td>Revenue from Devices</td>
<td>440</td>
<td>446</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>29</td>
<td>29</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>1,801</strong></td>
<td><strong>1,517</strong></td>
</tr>
</tbody>
</table>

(i) The increase in Revenue from Subscriptions and decrease in Revenue from Consumables occurred as the Group transitions from sales of its legacy products to SOZO. The group continues to transition the existing L-Dex customer base responsible for consumable sales from the legacy product line to SOZO.

6. OTHER INCOME

<table>
<thead>
<tr>
<th>31 Dec 2018 $000</th>
<th>31 Dec 2017 $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D Tax Incentive (i)</td>
<td>1,345</td>
</tr>
<tr>
<td>Proceeds from Tax Refunds, Grants and Other (ii)</td>
<td>26</td>
</tr>
<tr>
<td><strong>Other Income and Finance Costs</strong></td>
<td><strong>1,371</strong></td>
</tr>
</tbody>
</table>

(i) The Group receives payments for research & development (R&D) tax credits under the AusIndustry R&D Tax Incentive program. The Group accrues for amounts when there is reasonable assurance of receipt. Whilst there is a judgment involved in when there is reasonable assurance, the Group has a history of successful lodgings and receipts with the Australian Tax Office.

(ii) Proceeds from Tax Refunds and Grants includes amounts received for an Export Market Development Grant (EMDG) and other rebate programs.

7. EXPENSES

<table>
<thead>
<tr>
<th>Salaries and Benefits</th>
<th>2018 $000</th>
<th>2017 $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and Salaries (i)</td>
<td>4,523</td>
<td>5,619</td>
</tr>
<tr>
<td>Performance &amp; Sales Bonus</td>
<td>2,086</td>
<td>1,731</td>
</tr>
<tr>
<td>Superannuation</td>
<td>233</td>
<td>225</td>
</tr>
<tr>
<td>Annual Leave &amp; Long Service Leave</td>
<td>(35)</td>
<td>70</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>459</td>
<td>446</td>
</tr>
<tr>
<td>Other Employee Costs</td>
<td>398</td>
<td>453</td>
</tr>
<tr>
<td><strong>Sub-total Salaries and Benefits</strong></td>
<td><strong>7,664</strong></td>
<td><strong>8,544</strong></td>
</tr>
<tr>
<td>Share-based Payments to Employees</td>
<td>1,861</td>
<td>1,492</td>
</tr>
<tr>
<td><strong>Total Salaries and Benefits</strong></td>
<td><strong>9,525</strong></td>
<td><strong>10,036</strong></td>
</tr>
</tbody>
</table>

(i) Certain wages and salaries relating to SOZO software development have been recognised as Intangible Assets in accordance with AASB 138 Intangible Assets in both the current and prior corresponding periods. In addition, certain wages and salaries directly related to SOZO customer installations and trainings are allocated to cost of revenue for the current period.

(iii) The decrease in consulting fees for the current financial period was primarily attributable to reduced sales and marketing consulting expenses for regions outside of the United States, in addition to overall financial discipline across all departments.

(iii) During the financial period, and as a result of the initial launch of SOZO, the Group reduced third party product development and software development costs related to SOZO.

(ii) With enrolment completed in the 1,100 patient PREVENT Trial, the largest international multicentre randomised controlled trial undertaken in the prevention of breast cancer-related lymphedema, costs related to oncology clinical trials decreased in the current financial period. The Group expects that expenditure on the PREVENT Trial will continue as follow-up screening continues for existing patients within the trial.

(iii) The Group continues enrolment in the 200-patient at-home heart failure trial. The study is designed to demonstrate the extent to which changes in SOZO BIS measurements preempt patient reported symptoms of acute HF that lead to hospital readmissions. Data has shown 25 percent of patients admitted for HF will be readmitted in less than 30 days. Earlier identification of fluid overload allows for treatment changes which have resulted in significant reduction of cost re-hospitalization.

The Group expects that expenditure on the HF study will continue as enrolment in the trial increases.

Advisory and Professional Fees

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2018 $000</th>
<th>2017 $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors Fees</td>
<td>377</td>
<td>364</td>
</tr>
<tr>
<td>Governance and Regulatory Fees</td>
<td>333</td>
<td>391</td>
</tr>
<tr>
<td>Insurance</td>
<td>281</td>
<td>203</td>
</tr>
<tr>
<td>Administrative Expenses (i)</td>
<td>118</td>
<td>910</td>
</tr>
<tr>
<td>Foreign Currency Loss/(Gains) on Transactions</td>
<td>11</td>
<td>66</td>
</tr>
<tr>
<td><strong>Total Administrative and Governance Fees</strong></td>
<td><strong>1,120</strong></td>
<td><strong>1,594</strong></td>
</tr>
</tbody>
</table>

(i) In the previous corresponding period, the Group raised provisions totaling $761,000 related to inventory and bad debt expenses, compared to $22,000 in the current reporting period.
INTANGIBLE ASSETS AND GOODWILL

INTANGIBLE ASSETS

During the six months ended 31 December 2018, the Group generated intangible assets with a cost of $946,000 (31 December 2017: $40,000) related to the development of SOZO software. In accordance with AASB 138 Intangible Assets, the Group capitalises costs for product development projects. Initial capitalisation of costs is based on management’s judgement that technological and economic feasibility is confirmed. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and expected period of benefits.

Other intangible assets decreased in the current period due to the amortisation of SOZO software, computer software and licenses. This decrease was partially offset by foreign currency exchange movements.

GOODWILL

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

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group uses a value in use, discounted cash flow methodology. All assumptions used in the calculation are based on budgets and forecasts and consider the size of markets available to the Group. The key inputs used in impairment testing were disclosed in the annual consolidated financial statements for the year ended 30 June 2018.

The Group found no evidence of indicators of impairment of goodwill or other assets, and as a result, no impairment loss has been recognised at the reporting date.

8. CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31 Dec 2018 $000</th>
<th>As at 30 Jun 2018 $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at Bank and in Hand</td>
<td>4,047</td>
<td>3,045</td>
</tr>
<tr>
<td>Short Term Deposits</td>
<td>18,591</td>
<td>28,299</td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>22,638</td>
<td>31,345</td>
</tr>
</tbody>
</table>

9. TRADE AND OTHER RECEIVABLES

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31 Dec 2018 $000</th>
<th>As at 30 Jun 2018 $000 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Receivables (i)</td>
<td>783</td>
<td>1,247</td>
</tr>
<tr>
<td>Allowance from Credit Loss</td>
<td>(92)</td>
<td>(396)</td>
</tr>
<tr>
<td>Interest Receivable</td>
<td>36</td>
<td>41</td>
</tr>
<tr>
<td>Tax and Other Receivables</td>
<td>1,458</td>
<td>2,208</td>
</tr>
<tr>
<td>Total Trade and Other Receivables</td>
<td>2,185</td>
<td>4,100</td>
</tr>
</tbody>
</table>

(i) Certain costs relating to SOZO software development have been recognised as Intangible Assets in accordance with AASB 138 Intangible Assets and amortised over their useful lives in the current financial period. Refer to Note 10 Intangible Assets and Goodwill for details on assets related to software development.

(ii) Under certain contracts with customers, the Group maintains ownership of devices until title of the devices transfer to the customers under the contract. The amortization expense related to these devices is included in cost of revenue.

11. ISSUED CAPITAL

ORDINARY SHARES

<table>
<thead>
<tr>
<th>Description</th>
<th>Members of Shares</th>
<th>$000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 31 December 2017</td>
<td>378,083,437</td>
<td>219,620</td>
</tr>
<tr>
<td>Issued During the Period as a Result of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Exercise of Options</td>
<td>910,218</td>
<td>130</td>
</tr>
<tr>
<td>Transactions Costs</td>
<td>-</td>
<td>(4)</td>
</tr>
<tr>
<td>At 30 June 2018</td>
<td>378,993,655</td>
<td>219,746</td>
</tr>
<tr>
<td>Issued During the Period as a Result of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transactions Costs</td>
<td>-</td>
<td>(2)</td>
</tr>
<tr>
<td>At 31 December 2018</td>
<td>378,993,655</td>
<td>219,744</td>
</tr>
</tbody>
</table>

(i) Refer to Note 17 Changes to the Group’s Accounting Policies for additional information related to the impact of AASB 15 Revenue from Contracts with Customers on contract assets.
12. SHARE-BASED PAYMENT PLANS

For the six-months ended 31 December 2018, the Group had $1.9 million (31 December 2017: $1.5 million) of share-based payment transactions in the Consolidated Statement of Comprehensive Income.

The weighted average fair value of the options granted during the six-month period was $0.23 (31 December 2017: $0.49).

During the current period, 604,000 share options (31 December 2017: 7,080,200) and 310,000 performance rights were granted under the Employee Incentive Plan (EIP). The options awarded included 515,000 share options (31 December 2017: 3,417,000) and 310,000 performance rights (31 December 2017: 2,396,000) granted to key management personnel (“KMP”) during the period. The exercise price of the options was valued at the share price on the date of issue using the five-day weighted average share price.

The fair value of awards granted, as mentioned above, were estimated on the date of grant using the following assumptions:

<table>
<thead>
<tr>
<th>Depreciation and Amortisation included in Statement of Comprehensive Income</th>
<th>Options</th>
<th>Performance Rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected Volatility (%)</td>
<td>75.90</td>
<td>75.90</td>
</tr>
<tr>
<td>Risk Free Interest Rate (%)</td>
<td>1.93</td>
<td>1.93</td>
</tr>
<tr>
<td>Dividend Yield (%)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Average Expected Life (years)</td>
<td>4.75</td>
<td>3.00</td>
</tr>
<tr>
<td>Strike Price ($)</td>
<td>0.52</td>
<td>-</td>
</tr>
</tbody>
</table>

SHARE OPTIONS

Share options are issued to eligible participants under the EIP. Share options issued during the period vest on the one-year anniversary of the date of grant in an amount equal to the product of one-fourth multiplied by the number of total options granted. The remaining options vest evenly on an annual basis over the next three years if the participant is still employed on such dates. In a situation where there is likely to be a change of control of the Group, the Board may have the discretion to determine whether some, none or all of the LTI instruments will vest. The fair value of the options granted is estimated using the Black Scholes model, taking into account the terms and conditions upon which the options were granted.

PERFORMANCE RIGHTS

Performance shares (or Performance Rights) are issued to eligible participants under the EIP in recognition of their contribution to the performance of the Group and are often subject to meeting individual performance hurdles. All performance rights are issued at the discretion of the Board of Directors and are issued for nil consideration. The performance rights granted during the year vest in full on the third anniversary of the grant date. In the event of a change of control, all outstanding unvested performance rights may vest on an accelerated basis immediately.

If the participant ceases employment with the Group where such cessation of employment is due to the participant’s death, permanent illness or permanent physical or permanent mental incapacity (as certified by a medical practitioner who is approved in writing by the Board), the performance rights will fully vest on the third anniversary of the date of grant.

Performance rights which have not vested shall automatically lapse and be forfeited without consideration upon cessation of the participant’s employment with the Group.

The fair value of performance shares is measured by using the stock price for ImpediMed Limited as of the close of business on the day prior to the grant date multiplied by the number of eligible shares. The number of eligible shares is measured using a combination of the probability of future service and the achievement of specific goals.

13. RELATED PARTY DISCLOSURE

ULTIMATE PARENT

ImpediMed Limited is the ultimate Australian parent entity.

SUBSIDIARIES

The consolidated financial statements include the financial statements of ImpediMed Limited and the subsidiaries listed in the following table as at 31 December:

<table>
<thead>
<tr>
<th>Name</th>
<th>Country of Incorporation</th>
<th>% Equity Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>ImpediMed Incorporated</td>
<td>United States</td>
<td>100</td>
</tr>
<tr>
<td>ImpediMed Hellas</td>
<td>Greece</td>
<td>100</td>
</tr>
<tr>
<td>ImpediMed TM Incorporated (i)</td>
<td>United States</td>
<td>100</td>
</tr>
</tbody>
</table>

(i) In October 2018, ImpediMed Limited agreed to the divestiture of XTRON Technologies, Incorporated to an unrelated party. Under the terms of the agreement, ImpediMed sold the majority of its net assets in the wholly-owned subsidiary that were related to the test and measurement operating segment. As a result of the transaction, ImpediMed Limited considers the group to have exited the test and measurement operating segment and subsequently changed the name of the entity to ImpediMed TM, Incorporated.

RELATED PARTIES

For the current period, no transactions with Directors or key Management Personnel occurred that would be considered related party transactions. Directors’ fees accrued and not paid were nil at 31 December 2018 (30 June 2018: nil).

Terms and Conditions of Transactions with Related Parties:

Transactions with all related parties, including sales to and purchases from related parties, are made at arm’s length both at normal market prices and on normal commercial terms.

14. COMMITMENTS AND CONTINGENCIES

OPERATING COMMITMENTS

At 31 December 2018, the Group had operating commitments of $1.3 million (30 June 2018: $1.2 million) primarily relating to the office leases for one Australian-based facility, one U.S.-based facility, and one European-based facility, with a range of one year to four years remaining on the leases.

EXPENDITURE COMMITMENTS

At 31 December 2018, the Group had expenditure commitments of $1.5 million (30 June 2018: $2.2 million) relating to the funding of clinical trials, research & development endeavours, future product builds, advertising and promotional activities, and other activities. The expenditure commitments primarily relate to the commercialisation and manufacturing of SOZO® devices, as well as the Group’s growing body of clinical evidence related to clinical trials.

LITIGATION

At 31 December 2018, the Group had no known open formal claims or lawsuits against it.

15. EVENTS AFTER THE BALANCE SHEET DATE

13 FEBRUARY 2019

The Group announced that the full manuscript of the previously announced abstract Correlation of Limb Biomechanics with Echocardiographic Indicators of Congestion in Patients with NYHA Class II/III Heart Failure has been published in the Cardiology and Vascular Research journal.

29 JANUARY 2019

The Group announced that the specified, interim detailed results of the PREVENT trial will be presented during the scientific session of the 2019 Annual Meeting of the American Society of Breast Surgeons (ASBrS) in Dallas, Texas, from 30 April to 5 May 2019.
16 JANUARY 2019

The Group announced that it received a multi-year national purchasing agreement for its SOZO Digital Health Platform from Ascension Health Resources.

Refer to the Directors’ Report for additional information related to these announcements.

16. DISCONTINUED OPERATIONS

In October 2018, the Group announced that it agreed to the divestiture of XTRON Technologies, Inc. ("XTRON"), a wholly owned subsidiary of the Parent. Under the terms of the agreement, the Group agreed to sell the majority of the net assets of the test and measurement (“T&M”) business. The T&M business of XTRON represented the entirety of the Group’s T&M operating segment through its closure in October 2018.

During the current financial period, the Group applied AASB 5 Non-current Assets Held for Sale and Discontinued Operations as part of accounting for the divestiture of XTRON Technologies, Inc. and the T&M operating segment. The entirety of the transaction occurred during the current financial period. AASB 5 prohibits the retrospective classification as a discontinued operation, when the discontinued criteria are met after the end of the reporting period.

With the T&M business of XTRON being classified as a discontinued operation, the T&M operating segment is no longer presented as a distinct operating segment. Refer to Note 4 Segment Reporting for additional information on segment reporting.

The results of the test and measurement operating segment for the half-year ended 31 December are presented as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from Contracts with Customers</td>
<td>$292k</td>
<td>$503k</td>
</tr>
<tr>
<td>Expenses</td>
<td>$(386k)</td>
<td>$(551k)</td>
</tr>
<tr>
<td>Operating Loss</td>
<td>$(94k)</td>
<td>$(48k)</td>
</tr>
<tr>
<td>Impairment Loss Recognised on the Remeasurement to Fair Value Less Costs to Sell</td>
<td>$(33k)</td>
<td>-</td>
</tr>
<tr>
<td>Loss for the Year from Discontinued Operations</td>
<td>$(127k)</td>
<td>$(48k)</td>
</tr>
<tr>
<td>Proceeds from the Disposal of a Business, Net of Disposal Costs</td>
<td>$467k</td>
<td>-</td>
</tr>
<tr>
<td>Net Assets Associated with Discontinued Operations</td>
<td>$594k</td>
<td>-</td>
</tr>
<tr>
<td>Loss for the Year from Discontinued Operations</td>
<td>$(127k)</td>
<td>-</td>
</tr>
</tbody>
</table>

The net cash flows incurred by the test and measurement operating segment for the half-year ended 31 December are presented as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating</td>
<td>8</td>
<td>(3)</td>
</tr>
<tr>
<td>Investing</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Financing</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net Cash Flow</td>
<td>8</td>
<td>(3)</td>
</tr>
</tbody>
</table>

17. CHANGES TO THE GROUP’S ACCOUNTING POLICIES

IMPACT OF AASB 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group applied AASB 15 Revenue from Contracts with Customers for the first time during the current financial period. The nature and effect of the changes as a result of adoption of these new accounting standards are described below:

AASB 15 supersedes AASB 111 Construction Contracts, AASB 118 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

AASB 15 REVENUE RECOGNITION POLICY

(a) Sale of Goods - Device and Consumable Revenue

Revenue from the stand-alone sale of devices and consumables is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the devices or consumables, and when there is persuasive evidence, usually in the form of a purchase order or an executed sales agreement with a customer at the time of delivery of the goods to the customer that no further work or processing is required to satisfy the performance obligation, the quantity and quality of the goods has been determined, the price is fixed and generally title has passed (for shipped goods this is the bill of lading date). The normal credit term is 30 to 90 days upon delivery.

In determining the transaction price for the sale of devices and consumables, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

(b) Subscription Services

Revenue from the subscription services related to ongoing provision of access to assessment and testing for SOZO are accounted for over time on a straight-line basis over the life of the enforceable contract based on the quoted price in the form of a purchase order or an executed sales agreement with a customer.

In determining the transaction price for the subscription services, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

(c) Rendering of Services

Revenue from the repair of instruments is recognised at the point in time upon completion of the performance obligation, which is typically when the repair has been performed and the obligation is due from the customer. When the contract outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.
KEY CONSIDERATIONS IN THE REVENUE POLICY

(i) Multi-Element Arrangements

The Group enters into contracts with customers for bundled sales of SOZO devices and subscription services for ongoing assessment. The Group has determined that these bundles sales contracts are comprised of two performance obligations because the promises to transfer the SOZO device and provide subscription services for ongoing assessment are capable of being distinct and separately identified. Accordingly, the Group allocates the transaction price, which may include a discount, based on the relative stand-alone selling prices of the equipment and subscription services.

The transaction price allocated to the SOZO device is recognised in accordance with sale of goods, and the transaction price allocated to the subscription services is recognised in accordance with the subscription services revenue.

(ii) Significant Financing Component

The Group may receive short-term advances from its customers in the form of up-front payment of devices, consumables or advance payment of subscription services. Using the practical expedient in AASB 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. There was no adjustment made in respect of this in the current or prior periods.

(iii) Warranty Obligations

The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

(iv) Incremental Costs of Obtaining a Contract

The Group pays sales commission to its employees for each contract that they obtain for bundled sales of SOZO devices and subscription services. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions (included under employee benefits and part of cost of sales) because the amortisation period of the asset that the Group otherwise would have used is one year or less.

(v) Contract Balances

Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. A contract asset is recognised for the earned consideration that is conditional, where the Group completes the performance obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due.

Trade Receivables

A receivable represents the Group’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group completes the performance obligations under the contract.

(vi) Judgements

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- Identifying performance obligations in a bundled sale of equipment and subscription services. The Group provides devices that are either sold separately or bundled together with subscription services to a customer. The subscription services are a promise to provide ongoing access to assessment and testing services in the future and are part of the negotiated exchange between the Group and the customer. The Group determined that both the device and subscription services are capable of being distinct. The Group also determined that the promises to transfer the device and to provide services are distinct with in the context of the contract. The device and subscription services are not inputs to a combined item in the contract. The Group is not providing a significant integration service because the presence of the device and subscription services together in this contract do not result in any additional or combined functionality and neither the device nor the subscription services modify or customise the other. Consequently, the Group allocated a portion of the transaction price to the device and the subscription services based on relative stand-alone selling prices.

IMPACT OF ADOPTING THE NEW STANDARD - RESTATEMENT OF PRIOR PERIOD BALANCES

The Group adopted AASB 15 using the full retrospective method of adoption. There was no opening retained earnings adjustment as at 1 July 2017 due to the fact that there were no SOZO bundled contracts in existence at this date. The effect of the transition on the current period has not been disclosed as the standard provides an optional practical expedient. The effect of adopting AASB 15 on the comparative period is, as follows:

(i) Impact on Statement of Profit or Loss (Increase/(Decrease) in Profit)

<table>
<thead>
<tr>
<th></th>
<th>Adjustments</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from Devices</td>
<td>(a)</td>
<td>(64)</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>(a)</td>
<td>(64)</td>
</tr>
<tr>
<td>Loss from Continuing Operations Before Income Tax</td>
<td>(a)</td>
<td>(64)</td>
</tr>
<tr>
<td>Net Loss from Continuing Operations</td>
<td>(a)</td>
<td>(64)</td>
</tr>
</tbody>
</table>

(ii) Impact on Basic and Diluted Earnings Per Share (EPS) (Increase/(Decrease) in EPS)

<table>
<thead>
<tr>
<th></th>
<th>Adjustments</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic and Diluted Earnings per Share</td>
<td>(a)</td>
<td>-</td>
</tr>
</tbody>
</table>

(ii) Impact on the Consolidated Balance Sheet at 30 June 2018

<table>
<thead>
<tr>
<th></th>
<th>Adjustments</th>
<th>30 June 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Assets</td>
<td>(a)</td>
<td>(198)</td>
</tr>
<tr>
<td>Accumulated Losses</td>
<td>(a)</td>
<td>(198)</td>
</tr>
</tbody>
</table>
The change did not have a material impact on OCI or the consolidated statement of cash flows for the period.

(a) Sale of SOZO Bundled Contracts (SOZO Device & Subscription Services)
Before the adoption of AASB 15, the Group accounted for the device and subscription service as separate deliverables within bundled sales and allocated consideration to each deliverable using the relative fair value approach resulting in an amount which was comparable to historical legacy device pricing. Under AASB 15, the Group assessed that there were two performance obligations in a contract for bundled AASB 15, the Group assessed that there were two comparable to historical legacy device pricing. Under fair value approach resulting in an amount which was increased the amount allocated to the devices and the contract assets in the comparative period.

IMPACT OF AASB 9 FINANCIAL INSTRUMENTS
The Group applied AASB 9 Financial Instruments for the first time during the current financial period. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

AASB 9 requires that financial assets be measured at amortised cost, fair value through Other Comprehensive Income, or fair value through the Consolidated Statement of Comprehensive Income. The majority of the Group’s tangible assets are cash, short term deposits, accounts receivables, and inventory.

IMPACT OF ADOPTING THE NEW STANDARD – FINANCIAL ASSETS & FINANCIAL LIABILITIES ACCOUNTING POLICY
i) Financial Assets

Initial Recognition and Measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them.

At reporting date, the Group has the following financial assets:
- Trade and other receivables; and
- Short-term cash deposits.

As the trade receivables do not contain a significant financing component they are initially measured at the transaction price determined under AASB 15.

Short-term cash deposits are initially measured at the face value of the initial deposit.

Subsequent Measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial Assets at Amortised Cost
The Group measures financial assets at amortised cost if both of the following conditions are met:
- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group’s financial assets at amortised cost include trade receivables.

Financial Assets at Fair Value Through Profit or Loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s consolidated statement of financial position) when:
- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of Financial Assets
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.
i) Financial liabilities

Initial Recognition and Measurement
Financial liabilities are classified, at initial recogni-
tion, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as de-
rivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities
are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly
attributable transaction costs.

At reporting date, the Group’s financial liabilities in-
clude trade and other payables.

Subsequent Measurement
The measurement of financial liabilities depends on
their classification, as described below:

Financial Liabilities at Fair Value Through Profit or Loss
Financial liabilities at fair value through profit or loss
include financial liabilities held for trading and finan-
cial liabilities designated upon initial recognition as
at fair value through profit or loss.

Derecognition
A financial liability is derecognised when the obli-
gation under the liability is discharged or cancelled
or expires. When an existing financial liability is
replaced by another from the same lender on sub-
stantially different terms, or the terms of an existing
liability are substantially modified, such an exchange
or modification is treated as the derecognition of the
original liability and the recognition of a new liability. The difference in the respective carrying amounts is
recognised in the statement of profit or loss.

iii) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset
and the net amount is reported in the consolidated
statement of financial position if there is a current-
ly enforceable legal right to offset the recognised
amounts and there is an intention to settle on a net
basis, to realise the assets and settle the liabilities
simultaneously.

IMPACT OF ADOPTING THE NEW STANDARD -
RESTATEMENT OF PRIOR PERIOD BALANCES

On adoption of the new standard at 1 July 2018, the
Group reviewed on transition the effect that any cred-
it loss impact had on trade receivables at 30 June
2018 and determined that AASB 9 did not have a
material effect on the Group’s consolidated finan-
cial statements compared to the Group’s existing
policies on provisioning for doubtful debts on trade
receivables.

IMPACT OF AASB 2016-5 AMENDMENTS TO AUS-
TRALIAN ACCOUNTING STANDARDS -CLASSIFI-
CATION AND MEASUREMENT OF SHARE-BASED
PAYMENT TRANSACTIONS
The AASB issued amendments to AASB 2 Share-
based Payment that address three main areas: the
effects of vesting conditions on the measurement of
a cash-settled share-based payment transaction; the
classification of a share-based payment transac-
tion with net settlement features for withholding tax
obligations; and accounting where a modification to
the terms and conditions of a share-based payment
transaction changes its classification from cash-set-
tled to equity-settled. The Group has no share-based
payment transactions with net settlement features
for withholding tax obligations and had not made
any modifications to the terms and conditions of its
share-based payment transactions. Therefore, these
amendments do not have any impact on the Group’s
consolidated financial statements.

DIREC'TORS’ DECLARATION
For the Half-Year Ended 31 December 2018

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 con-
solidated entity for the half-year ended 31 December
2018 are in accordance with the Corporations Act
2001, including:

(i) giving a true and fair view of the consolidated
entity’s financial position as at 31 December 2018
and of its performance for the half-year ended on
that date; 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.

Scott Ward      Judith Downes
Chairman      Director
21 February 2019
Independent Auditor’s Review Report to the Members of ImpediMed Limited


Conclusion
We have reviewed the accompanying half-year financial report of ImpediMed Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a description of significant accounting policies and other explanatory information, and the directors’ declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the Corporations Act 2001, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance for the half-year ended on that date; and


Directors’ Responsibility for the Half-Year Financial Report

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

Auditor’s Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group’s consolidated financial position as at 31 December 2018 and its consolidated financial 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 the Group, 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 inquiries, 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.

Ernst & Young

Jennifer Barker
Partner
Perth
21 February 2019