

# ImpediMed Ltd

ABN 65 089 705 144

## Appendix 4D

**for the half year ended 31 December 2009**  
**(previous corresponding period : half year ended 31 December 2008)**

The information contained in this document should be read in conjunction with the ImpediMed Limited Half Year Report for the half year ended 31 December 2009 and any public announcements made by ImpediMed Limited and its controlled entities during the year in accordance with continuous disclosure obligations arising under the ASX Listing Rules.

### 2 Results for announcement to the market

	Current period \$	Previous corresponding period \$	
2.1 Revenue from ordinary activities	1,817,143	1,567,549	
Increase / (decrease) in revenue:			249,594
Percentage increase / (decrease):			16%
2.2 Profit / (loss) from ordinary activities after tax attributable to members	(5,560,200)	(7,750,091)	
(Increase) / decrease in profit / (loss) from ordinary: activities after tax attributable to members			2,189,891
Percentage (increase) / decrease:			-(28%)
2.3 Net profit / (loss) for the period attributable to members	(5,560,200)	(7,750,091)	
(Increase) / decrease in net profit / (loss) for the period attributable to members:			2,189,891
Percentage (increase) / decrease:			-(28%)
2.4 Dividends	NIL	NIL	
There were no dividends declared and paid during the half year on ordinary shares. There were no dividends proposed and not yet recognised as a liability during the half year.			
2.5 Dividend Record Date	Not applicable		
2.6 Explanation of operating performance			
Refer to the Review and Results of Operations in the Directors' Report of the Financial Statements for the current reporting period.			

<b>3 Net tangible assets per ordinary security</b>		
	Current period	Previous corresponding period
	\$	\$
Net tangible assets	7,809,838	5,824,921
Issued share capital at reporting date	68,088,936	54,949,342
	Current period	Previous corresponding period
Number of shares on issue at reporting date	109,029,028	87,318,858
Net tangible assets per ordinary security	0.07	0.07

<b>4 Acquisitions and divestments</b>	
4.1	There were no entities over which control has been gained or lost during the current reporting period.
4.2	Not applicable
4.3	Not applicable

<b>5 Details of dividends</b>	
	There were no dividends paid during the period, or payable at 31 December 2009.

<b>6 Dividend Reinvestment Plans</b>	
	The company has no dividend reinvestment plan.

<b>7 Associates and joint ventures</b>	
	There are no equity accounted associates and joint venture entities.

<b>8 Accounting standards</b>	
	The financial report for the group has been prepared in accordance with Australian Equivalents to International Financial Reporting Standards.

<b>9 Auditors' review report</b>	
	The review report prepared by the independent auditor Ernst & Young is not subject to any dispute or qualification, and is provided with the half year financial statements.

# **IMPEDIMED LIMITED**

**ABN 65 089 705 144**

## **Financial Report**

**For the half year ended 31 December 2009**

## Corporate Information

ABN: 65 089 705 144

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This financial report covers the consolidated entity comprising ImpediMed Limited ("the Parent") and its subsidiaries ("the Group"). The Parent's functional and presentational currency and the Group's presentational currency is 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

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

### Company Secretary

P Auckland (resigned 9 September 2009)  
S Denaro (appointed 9 September 2009)

### Registered office

Unit 1, 50 Parker Court  
Pinkenba QLD 4008

### Principal place of business

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

### Share Register

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

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

### Solicitors

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

Nixon Peabody  
1100 Clinton Square  
Rochester NY 14604

Sheppard Mullin  
12275 El Camino Real, Suite 200  
San Diego CA 92130-2006

Carter Newell  
Level 13, 215 Adelaide Street  
Brisbane QLD 4000

### Bankers

ANZ Bank  
Acacia Ridge Business Centre  
Acacia Ridge QLD 4110

Commonwealth Bank  
240 Queen Street  
Brisbane QLD 4000

### Auditors

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

## Directors' Report

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Your directors submit their report for the half year ended 31 December 2009.

### Directors

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

#### **Mel Bridges, B.Sc, FAICD - Chairman**

Mel Bridges is a shareholder and co-founder of ImpediMed Limited. Through his founding shareholding and subsequent investments in ImpediMed Limited, he holds around 4.3% of the ordinary shares on issue. Mel has over 30 years of international business experience in the healthcare industry. Presently, he is the Chairman of ImpediMed Limited and its Nomination Committee and serves on the Remuneration Committee and the Audit Committee. Mel is also Chairman of ASX listed Alchemia Limited, and a non-executive director of Benitec Limited, Incitive Limited, Genera Biosystems Limited, Tissue Therapies Limited, and Campbell Brothers Limited.

#### **Greg Brown, B.Sc, MBA - Executive Director and Chief Executive Officer**

Greg Brown has over 20 years of business experience in the healthcare industry in Australia, the USA and in Europe. He joined ImpediMed Limited in April 2004 as Chief Executive Officer and through investments in ImpediMed Limited holds around 4.0% of the ordinary shares on issue.

#### **Martin Kriewaldt, BA LIB (Hons), FAICD - Non-executive Director**

Martin Kriewaldt is a former partner of law firm Allen Allen and Hemsley (now Allen Arthur Robinson). Martin chairs the Remuneration Committee and serves on the Audit Committee and Nomination Committee. Martin is a non-executive director of ASX listed, Suncorp Metway Limited, Campbell Brothers Limited, Oil Search Limited, Macarthur Coal Limited, and BrisConnection Unit Trusts.

#### **Cherrell Hirst, AO, MBBS, BEdSt, DUniv, FAICD - Non-executive Director**

Cherrell Hirst is a medical doctor and was a leading practitioner in the area of breast cancer diagnosis. Cherrell serves on the Remuneration Committee, the Audit Committee, and the Nomination Committee. She is a non-executive director of Peplin Inc, ASX listed Suncorp Metway Limited, and ASX listed Tissue Therapies Limited. Cherrell is also deputy chair and Acting Chief Executive Officer of Queensland BioCapital Funds.

#### **Jim Hazel, B.Ec, F Fin, FAICD - Non-executive Director**

Jim Hazel chairs the Audit Committee and serves on the Remuneration Committee and Nomination Committee. Jim had an extensive career in retail and investment banking and was former Chief General Manager of Adelaide Bank Limited. Jim is Chairman of Rural Bank Limited (formerly Elders Rural Bank Limited), and a non-executive director of ASX listed Becton Property Group Limited.

#### **Michael Panaccio, BSC (Hons), MBA, PhD, FAICD - Non-executive Director**

Michael serves on the Audit Committee, Remuneration Committee, and the Nomination Committee. Michael is an investment principal and founder of leading Australian venture capital firm Starfish Ventures, a venture capital manager with approximately \$400m in funds under management. Michael and entities he is associated with including Starfish hold around 25.1% of ImpediMed Limited's ordinary shares. Michael's experience also includes more than five years with Singapore based venture capital firm Nomura / JAFCO investment (Asia) Limited.

# Directors' Report

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## Company Secretary

### Phil Auckland, B.Bus, FCPA – Chief Financial Officer & Company Secretary

Phil Auckland joined ImpediMed Limited in June 2004 as Chief Financial Officer and was appointed Company Secretary in November 2004. Before joining ImpediMed Limited, he was Chief Financial Officer and Company Secretary of ASX listed PANBIO Limited. Phil is an FCPA, holds a Bachelor of Business in Accounting, and a Graduate Diploma in Company Secretarial Practice, and in 2002 completed the Columbia University Senior Executive Program. Phil resigned as Company Secretary on 9 September 2009.

### Stephen Denaro, B.Bus, CA, MAICD – Company Secretary

Stephen Denaro was appointed as Company Secretary on 9 September 2009. Stephen has previously acted as Company Secretary for ImpediMed Limited and works professionally as Company Secretary for a number of other companies in the medical device and biotech industry.

## Review and Results of Operations

### Group Overview

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

The ImpediMed Group consists of three entities:

- ImpediMed Limited, the parent company, was incorporated in 1999 and operates in medical markets in regions outside the USA.
- ImpediMed Inc, a Delaware corporation, operates in medical markets in the USA.
- Xitron Technologies Inc, a California corporation, operates in medical and power test and measurement markets globally. Xitron Technologies Inc was acquired by ImpediMed Limited on 1 October 2007.

### Results of Operations

Total comprehensive loss for the current period was (\$6,051,422), versus (\$6,916,090) in the comparative prior period. The loss from continuing operations after income tax was (\$5,560,200) versus (\$7,750,091) in the comparative prior period. The loss from continuing operations before income tax was positively impacted by the appreciating exchange rate given the Group's US business is growing and is a net user of US dollars. The improved financial performance was due to a combination of increased revenue and decreased expenses.

- Sales of Goods & Services for the current period were \$1,742,806 versus \$1,316,955 in the comparative prior period. The increase in revenue was due primarily to an increase in L-Dex agreements in the US and device sales worldwide.
  - The Group has moved its focus for the US Lymphoedema market to L-Dex agreements with clinicians. Under these three year agreements, often following an introductory period, clinicians are provided electrodes to perform the L-Dex readings and pay a monthly or quarterly minimum payment to cover a pre-agreed number of L-Dex readings. Additional readings are provided at a predetermined cost.
  - During the prior period the Group launched its direct to market strategy in the US, and recruited a sales force.
- Salaries and benefits for the current period was \$2,825,973, versus \$2,872,322 in the comparative prior period. Increases in the direct to market sales force were offset by decreases in research and development personnel.
- Advertising and promotion for the current period was \$35,737, versus \$343,008 in the comparative prior period. The decrease was due primarily to the decision to reduce costs while awaiting clarity in the US reimbursement coding environment.
- Consultant fees for the current period were \$388,887, versus \$767,787 in the comparative prior period. The decrease was due primarily to decreased reliance on external resources for public relations, research and development and regulatory services.
- Research and development for the current period was \$229,768, versus \$2,325,280 in the comparative prior period. The decrease in spending was due primarily to the development of a prototype device in the prior year for the next generation device, UB500. The UB500 is an important component of the strategy to expand the Group's product pipeline to serve the pelvic cancer markets.
- Other expenses for the current period were \$2,226,210, versus \$1,785,285 in the comparative prior period. The increase was due primarily to an increase in trademark and patent expenses and foreign exchange losses on US dollar assets held by the Group in the period as the Australian dollar strengthened compared to the US dollar. Various cost reductions across the Group partially offset these increases.
- Other comprehensive (loss) was (\$491,222) versus income \$834,001 in the comparative prior period was due to the improving translation rate of the Australian dollar versus the US dollar during the current period versus the comparative prior period.

# Directors' Report

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## Auditor Independence Declaration

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

Signed in accordance with a resolution of the directors.



Jim Hazel  
Director

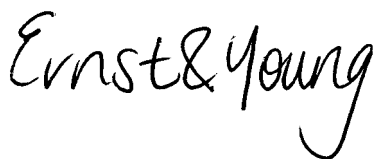


Greg Brown  
CEO & Director

Brisbane  
24 February 2010

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

In relation to our audit of the financial report of ImpediMed Limited and its controlled entities for the half year ended 31 December 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'Alison de Groot' in a cursive style.

Alison de Groot  
Partner  
Brisbane  
24 February 2010



# Statement of Comprehensive Income

FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Notes	Consolidated	
		2009	2008
		\$	\$
<b>Continuing operations</b>			
Sale of goods		1,634,558	1,263,186
Rendering of services		108,248	53,769
Finance income	3a	74,337	250,594
<b>Revenue</b>		<b>1,817,143</b>	<b>1,567,549</b>
Income from grants and other operating income	3b	18,521	329,200
Cost of goods sold		(779,980)	(480,436)
Other finance costs	3c	(682)	(4,802)
Depreciation and amortisation	3d	(294,108)	(319,120)
Salaries and benefits	3e	(2,825,973)	(2,872,322)
Advertising and promotion		(35,737)	(343,008)
Rent and property expenses	3f	(205,952)	(250,125)
Consultants fees	3g	(388,887)	(767,787)
Research and development		(229,768)	(2,325,280)
Travel expenses		(408,567)	(498,675)
Other expenses	3h	(2,226,210)	(1,785,285)
<b>Loss from continuing operations before income tax</b>		<b>(5,560,200)</b>	<b>(7,750,091)</b>
Income tax expense		-	-
<b>Loss from continuing operations after income tax</b>		<b>(5,560,200)</b>	<b>(7,750,091)</b>
<b>Net loss for the period</b>		<b>(5,560,200)</b>	<b>(7,750,091)</b>
<b>Other comprehensive income</b>			
Foreign currency translation		(491,222)	834,001
Income tax on items of other comprehensive income		-	-
<b>Other comprehensive income / (loss) for the period, net of tax</b>		<b>(491,222)</b>	<b>834,001</b>
<b>Total comprehensive (loss) for the period</b>		<b>(6,051,422)</b>	<b>(6,916,090)</b>

## Earnings Per Share – Basic and Diluted

	2009	2008
	\$	\$
<b>Loss per share for profit attributable to the ordinary equity holders of the parent</b>		
Basic and diluted loss per share	(0.05)	(0.09)

# Statement of Financial Position

AS AT 31 DECEMBER 2009

	Notes	Consolidated as at 31 Dec 2009 \$	Consolidated as at 30 June 2009 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	6,668,581	6,633,641
Trade and other receivables		682,125	744,238
Inventories		1,242,401	949,590
Prepayments		379,389	151,655
<b>Total Current Assets</b>		<b>8,972,496</b>	<b>8,479,124</b>
<b>Non-current Assets</b>			
Restricted cash assets	4	114,960	124,482
Other financial assets		19,836	27,339
Property, plant and equipment		547,272	665,106
Intangible assets	7	1,163,903	1,549,689
Goodwill		2,029,938	2,252,236
<b>Total Non-current Assets</b>		<b>3,875,909</b>	<b>4,618,852</b>
<b>TOTAL ASSETS</b>		<b>12,848,405</b>	<b>13,097,976</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		725,324	1,638,858
Provisions		715,948	956,458
<b>Total Current Liabilities</b>		<b>1,441,272</b>	<b>2,595,316</b>
<b>Non-current Liabilities</b>			
Provisions		403,454	435,556
<b>Total Non-current Liabilities</b>		<b>403,454</b>	<b>435,556</b>
<b>TOTAL LIABILITIES</b>		<b>1,844,726</b>	<b>3,030,872</b>
<b>NET ASSETS</b>		<b>11,003,679</b>	<b>10,067,104</b>
<b>EQUITY</b>			
<b>Equity Attributable to Equity Holders of the Parent</b>			
Issued capital	8	68,088,936	61,484,475
Reserves		2,383,453	2,491,139
Accumulated losses		(59,468,710)	(53,908,510)
<b>TOTAL EQUITY</b>		<b>11,003,679</b>	<b>10,067,104</b>

## Statement of Cash Flows

FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Notes	Consolidated	
		2009	2008
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers		1,797,084	1,678,269
Receipts from grants		-	334,605
Payments to suppliers and employees		(8,370,039)	(9,604,424)
Interest received		71,106	310,643
Interest paid		(681)	(1,810)
<b>Net cash flows used in operating activities</b>		<b>(6,502,530)</b>	<b>(7,282,717)</b>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment		(31,000)	(198,612)
Purchase of intangibles		(2,446)	(625,101)
<b>Net cash flows from investing activities</b>		<b>(33,446)</b>	<b>(823,713)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary shares		6,972,020	4,200,001
Transaction costs from capital raise		(367,559)	(59,950)
Repayment of borrowings		-	(48,834)
<b>Net cash flows from financing activities</b>		<b>6,604,461</b>	<b>4,091,217</b>
<b>Net increase / (decrease) in cash held</b>		<b>68,485</b>	<b>(4,015,213)</b>
Net foreign exchange differences		(33,545)	145,630
Cash at beginning of period		6,633,641	8,454,469
<b>Cash at close of period</b>	4	<b>6,668,581</b>	<b>4,584,886</b>

## Statement of Changes in Equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Issued Capital	Employee Equity Benefits Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total
	\$	\$	\$	\$	\$
<b>At 1 July 2008</b>	<b>50,809,291</b>	<b>1,454,641</b>	<b>(82,708)</b>	<b>(39,880,855)</b>	<b>12,300,369</b>
Loss for the period	-	-	-	(7,750,091)	(7,750,091)
Other comprehensive income	-	-	834,001	-	834,001
Total comprehensive income / (loss) for the half year	-	-	834,001	(7,750,091)	(6,916,090)
Transactions with owners in their capacity as owners					
Share-based payment	-	476,279	-	-	476,279
Allotment of ordinary shares	4,200,001	-	-	-	4,200,001
Costs of capital raising	(59,950)	-	-	-	(59,950)
<b>At 31 December 2008</b>	<b>54,949,342</b>	<b>1,930,920</b>	<b>751,293</b>	<b>(47,630,946)</b>	<b>10,000,609</b>
<b>At 1 July 2009</b>	<b>61,484,475</b>	<b>1,988,976</b>	<b>502,163</b>	<b>(53,908,510)</b>	<b>10,067,104</b>
Loss for the period	-	-	-	(5,560,200)	(5,560,200)
Other comprehensive loss	-	-	(491,222)	-	(491,222)
Total comprehensive loss for the half year	-	-	(491,222)	(5,560,200)	(6,051,422)
Transactions with owners in their capacity as owners					
Share-based payment	-	383,536	-	-	383,536
Allotment of ordinary shares	6,972,020	-	-	-	6,972,020
Costs of capital raising	(367,559)	-	-	-	(367,559)
<b>At 31 December 2009</b>	<b>68,088,936</b>	<b>2,372,512</b>	<b>10,941</b>	<b>(59,468,710)</b>	<b>11,003,679</b>

## Directors' Declaration

FOR THE HALF YEAR ENDED 31 DECEMBER 2009

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## Directors' Declaration

FOR THE HALF YEAR ENDED 31 DECEMBER 2009

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### 1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### Basis of preparation

This general purpose condensed financial report for the half year ended 31 December 2009 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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

It is recommended that the half year financial report be read in conjunction with the annual report for the year ended 30 June 2009 and considered together with any public announcements made by the Group during the half year ended 31 December 2009 in accordance with the continuous disclosure obligations of the ASX listing rules.

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

#### Going Concern

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

The Group has incurred an operating loss after income tax of \$5,560,200 for the six month period ended 31 December 2009 (31 December 2008: \$7,750,091) and net operating cash outflow of \$6,502,530 for the six month period ended 31 December 2009 (31 December 2008: \$7,282,717). The ability of the Group to continue as a going concern is dependent on ongoing capital raising support from its shareholders and potential investors. Cash flow forecasts indicate a further capital raising within the next twelve month period will be required.

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

- (i) As at 31 December 2009 the Group had net assets of \$11,003,679. At the same date, the market capitalisation of ImpediMed Limited was in excess of \$85,000,000 and as at 31 December 2009, assets of the Group exceeded liabilities by a ratio of 6.96 : 1.
- (ii) The Group had cash at its disposal of \$6,668,581 at 31 December 2009 and had no borrowings from banks or other financial institutions at 31 December 2009.
- (iii) The Group has the ability to vary certain expenditure dependent on its capital raising support.

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

#### Changes in Accounting Policy

The Group has adopted the following Standards and Interpretations from 1 July 2009. Adoption of these Standards did not have any financial effect on the financial position or performance of the Group.

- (i) AASB 2008-5 and AASB 2008-6 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project and Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*
- (ii) AASB 2008-7 *Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- (iii) AASB 8 and AASB 2007-3 *Operating Segments and Consequential Amendments to Other Australian Accounting Standards*

## Directors' Declaration

FOR THE HALF YEAR ENDED 31 DECEMBER 2009

### 1 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

- (iv) AASB 123 (Revised) and AASB 2007-6 *Borrowing Costs and Consequential Amendments to Other Australian Accounting Standards*
- (v) AASB 101 (Revised), AASB 2007-8 and AASB 2007-10 *Presentation of Financial Statements and Consequential Amendments to Other Australian Accounting Standards*
- (vi) AASB 2008-1 *Amendments to Australian Accounting Standards – Share-based Payments: Vesting Conditions and Cancellations*
- (vii) AASB 3 (Revised) *Business Combinations*
- (viii) AASB 127 (Revised) *Consolidated and Separate Financial Statements*
- (ix) AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127*
- (x) AASB 2009-2 *Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038]*
- (xi) AASB 2009-4 *Amendments to Australian Accounting Standards Arising from the Annual Improvements Project [AASB 2, AASB 138 and AASB Interpretations 9 & 16]*

### 2 SEGMENT INFORMATION

In the half year the Group has adopted AASB 8 *Operating Segments*. In accordance with the standard the Group has identified its operating segments based on reports reviewed by the Chief Executive Officer in assessing performance and in determining the allocation of resources. The operating segments are organised and managed separately according to the nature of the products and services provided, as the Group's risks and returns are affected predominantly by differences in the products and services produced. There has been no change to the Group's operating segments following the adoption of this standard.

The Medical segment is a supplier of non-invasive medical devices to two under-served markets: (1) the assessment of individuals at risk of secondary lymphoedema and (2) the monitoring of body composition and hydration. The medical field is the main strategic operating segment.

The Test & Measurement segment is a supplier of power precision testing and measuring equipment.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result includes transfers between business segments. Those transfers are eliminated on consolidation.

(a) Segment revenues	Medical 2009 \$	Test & Measurement 2009 \$	Total 2009 \$
Device Sales to external customers	715,674	630,822	1,346,496
Operating Leases to external customers	172,586	5,251	177,837
Consumable Sales to external customers	93,665	16,560	110,225
Services revenue	17,836	90,412	108,248
Inter-segment Device Sales	394,237	-	394,237
Other Inter-segment Sales	127,652	-	127,652
Total Segment Revenue	1,521,650	743,045	<b>2,264,695</b>
Inter-segment elimination			(521,889)
Unallocated revenue (finance income)			74,337
Consolidated Revenue			<b>1,817,143</b>

**Directors' Declaration**

FOR THE HALF YEAR ENDED 31 DECEMBER 2009

**2 SEGMENT INFORMATION (continued)**

<b>(b) Segment result</b>	<b>Medical 2009 \$</b>	<b>Test &amp; Measurement 2009 \$</b>	<b>Total 2009 \$</b>
Segment result	(7,339,012)	(17,373)	(7,356,385)
Depreciation and amortisation expenses	(384,460)	(5,936)	(390,396)
Loss before tax and finance costs			<b>(7,746,781)</b>
Finance costs			(682)
Inter-segment eliminations			2,187,263
Loss before income tax expense			<b>(5,560,200)</b>
Income tax expense			-
Net loss for the period			<b>(5,560,200)</b>

<b>(a) Segment revenues</b>	<b>Medical 2008 \$</b>	<b>Test &amp; Measurement 2008 \$</b>	<b>Total 2008 \$</b>
Device Sales to external customers	555,561	500,821	1,056,382
Operating Leases to external customers	69,370	2,910	72,280
Consumable Sales to external customers	67,812	66,712	134,524
Service revenue	12,293	41,476	53,769
Inter-segment Device Sales	107,990	-	107,990
Other Inter-segment Sales	54,844	-	54,844
Total Segment Revenue	867,870	611,919	<b>1,479,789</b>
Inter-segment elimination			(162,834)
Unallocated revenue (finance income)			250,594
Consolidated Revenue			<b>1,567,549</b>

<b>(b) Segment result</b>			
Segment result	(11,338,383)	(35,551)	(11,373,934)
Depreciation and amortisation expenses	(320,085)	(8,600)	(328,685)
Loss before tax and finance costs			<b>(11,702,619)</b>
Finance costs			(4,802)
Inter-segment eliminations			3,957,330
Loss before income tax expense			<b>(7,750,091)</b>
Income tax expense			-
Net loss for the period			<b>(7,750,091)</b>



**Directors' Declaration**

FOR THE HALF YEAR ENDED 31 DECEMBER 2009

**3 REVENUE, INCOME AND EXPENSES**

	Consolidated	
	2009	2008
	\$	\$
(a) Breakdown of finance income		
Bank interest - Bank Deposits	73,656	23,598
Bank interest - Term Deposits	664	228,318
Investment income receivable	-	(1,335)
Other	17	13
	<b>74,337</b>	<b>250,594</b>
(b) Income from grants and other operating income		
Commercial Ready Grants (i)	-	274,808
Cost recoupment from ICS (ii)	1,222	18,150
Other	17,299	36,242
	<b>18,521</b>	<b>329,200</b>
(c) Other finance costs		
Other loans	-	2,992
Interest expense on leasehold improvement	682	685
Other	-	1,125
	<b>682</b>	<b>4,802</b>
(d) Depreciation and amortisation		
Depreciation of property, plant and equipment	43,468	62,248
Depreciation of demo and loan devices	(15,115)	18,313
Amortisation of leasehold improvements	21,289	13,130
Amortisation of patents and licenses	141,125	158,414
Amortisation of software	103,341	67,015
	<b>294,108</b>	<b>319,120</b>
Depreciation of operating lease devices (iii)	31,852	9,565
	<b>325,960</b>	<b>328,685</b>
(e) Salaries and benefits		
Wages and salaries	2,355,227	2,354,645
Superannuation costs	118,013	90,961
Long service leave provision	(7,508)	13,149
Expense of share-based payments	360,241	413,567
	<b>2,825,973</b>	<b>2,872,322</b>
(f) Rent and property expenses		
Minimum lease payments - operating lease	180,644	219,825
Other premises expenses	25,308	30,300
	<b>205,952</b>	<b>250,125</b>
(g) Consultancy fees		
Consultancy expenses	365,592	697,983
Expenses for share-based payments to consultants	23,295	69,804
	<b>388,887</b>	<b>767,787</b>

**Directors' Declaration**

FOR THE HALF YEAR ENDED 31 DECEMBER 2009

**3 REVENUE, INCOME AND EXPENSES (continued)**

	Consolidated	
	2009	2008
	\$	\$
(h) Other expenses		
Trademark and patent expense	359,890	132,312
Communication expense	97,604	120,156
Legal expense	55,283	141,896
Bad and doubtful debts	25,697	35,777
Directors fees	161,998	169,756
Audit fees	91,329	156,734
IT maintenance and hosting fees	211,040	101,085
Insurance expense	62,822	70,764
Net foreign exchange losses	663,420	133,587
Share-based payment expense	-	(7,092)
Other expenses	497,127	730,310
	<b>2,226,210</b>	<b>1,785,285</b>

(i) Government grants received during the prior year pertain to AusIndustry's Commercial Ready Grant program for the development of second generation medical devices.

(ii) The Group charges ICS for R&D services provided to ICS (ICS is the Group's former cardiology division that was demerged in October 2006).

(iii) This depreciation relates to devices on operating lease and has been included in cost of goods sold.

**4 CASH AND CASH EQUIVALENTS**

	Consolidated as at 31 Dec 2009	Consolidated as at 30 June 2009
	\$	\$
Cash at bank and in hand	6,668,581	6,633,641
<b>Cash and cash equivalents</b>	<b>6,668,581</b>	<b>6,633,641</b>
Short term deposits - restricted (i)	114,960	124,482
<b>Restricted cash assets</b>	<b>114,960</b>	<b>124,482</b>
<b>Total cash assets</b>	<b>6,783,541</b>	<b>6,758,123</b>

(i) The restricted short term deposits relate to security deposits on the offices leases for both the Australian and US offices.

**5 DIVIDENDS PAID**

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.

## Directors' Declaration

FOR THE HALF YEAR ENDED 31 DECEMBER 2009

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### 6 COMMITMENTS AND CONTINGENCIES

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

#### Operating Lease Commitments

During the period there have been no new operating lease commitments.

#### Expenditure Commitments

During the period, there have been no new expenditure commitments.

#### Contingencies

The Group has no contingent liabilities at 31 December 2009.

#### Litigation

The Group has been served with a US civil action by a former employee and owner of Xitron. The action relates to an agreement made by Xitron in 2001, before the Group purchased the company. The Group believes the claims made are without merit and is in a strong position to defend the action.

### 7 INTANGIBLE ASSETS

Intangible assets decreased in the current period due to amortisation of the computer software, implemented in the prior year, and patents and licenses.

### 8 ISSUED CAPITAL

The movement in issued capital for the period is outlined in the table below:

	Number of shares	Dollars (\$)
Beginning balance 30 June 2009	98,003,501	61,484,475
Issue of ordinary shares	11,025,527	6,972,020
Costs of capital raising		(367,559)
Closing balance 31 December 2009	<b>109,029,028</b>	<b>68,088,936</b>

### 9 EVENTS AFTER THE BALANCE SHEET DATE

There have been no events after the balance sheet date.

## Directors' Declaration

FOR THE HALF YEAR ENDED 31 DECEMBER 2009

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

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
  - I. giving a true and fair view of the financial position as at 31 December 2009 and the performance for the half year ended on that date of the consolidated entity; and
  - II. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Jim Hazel  
Director



Greg Brown  
CEO & Director

Brisbane, 24 February 2010

# Independent Review Report

To the members of ImpediMed Limited

## Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of ImpediMed Limited, which comprises the consolidated statement of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half year end or from time to time during the half year.

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

The directors of the company are responsible for the preparation and fair presentation of the half year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of ImpediMed Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### Independence

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

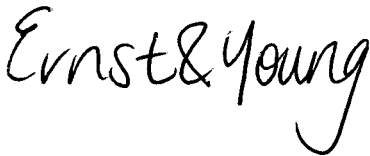
## Conclusion

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

- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 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*.

## Uncertainty Regarding Continuation as a Going Concern

Without qualification to the conclusion expressed above, your attention is drawn to the matter set out in Note 1 to the financial statements. As a result of the matter described in Note 1, there is significant uncertainty whether the company will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classifications of liabilities that might be necessary should the company not continue as a going concern.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive, stylized font.

Ernst & Young

A handwritten signature in black ink that reads 'Alison de Groot' in a cursive, stylized font.

Alison de Groot  
Partner  
Brisbane  
24 February 2010