ASX : IPD

23 February 2011

ASX ANNOUNCEMENT – HALF-YEAR RESULTS AND BUSINESS UPDATE
31 DECEMBER 2010

ImpediMed Limited ("ImpediMed" or the "Group") today released final reviewed results for the half-year ended 31 December 2010.

"In the first half of the year, management made important progress on the key initiatives related to the Group's strategy and operating plan" said Greg Brown, CEO. These included:

- Stanford University (Stanford) filed a submission with the Centers of Medicare and Medicaid Services (CMS) for a "National Coverage Determination" (NCD), "Coverage with Evidence Development" (CED), for supporting a Stanford run registry. While most commercial CED applications fail, this Stanford arm registry, supported by a specific Medicare Evidence Development and Coverage Advisory Committee (MEDCAC) panel recommendation and a professional governing society in breast surgery, is well placed for meeting the requirements to be eligible for a CED. Stanford anticipates a draft decision memorandum before the Group's financial year-end, at which point the Group would be required to support the running costs of the registry.
- The Group continues to develop its new technology platform for submitting future regulatory claims in the clinical assessment of lymphoedema of the legs in both men and women. The Group made headway in the UB500 research and development project. Twenty (20) Beta II devices were completed with ten (10) ready to be distributed for use in clinical trials. The remaining ten (10) devices will be used in clinical research studies independently run by the Group in Australia and Europe.
- Magee-Womens Hospital of UPMC launched a lymphoedema prevention program in breast cancer patients. L-Dex® was selected as a technology to aid clinicians in the clinical assessment of unilateral lymphoedema of the arm in female breast cancer patients. UPMC is an $8 billion health enterprise integrating 20 hospitals and a health insurance service division. ImpediMed is working closely with UPMC Health plan in an effort to support establishing coverage.
- The Group commissioned and announced an independent health economic model in November 2010 which demonstrates significant savings for the U.S. healthcare system when implementing pre-emptive care approaches to secondary

lymphoedema. The model looks at the benefits of prospective care models and considers the costs of L-Dex testing, being used to aid medical providers in the clinical assessment of unilateral lymphoedema of the arms in female breast cancer patients. This is compared to current clinical practice of reactive diagnosis and treatment costs. This economic model will assist health insurers for supporting efforts to establish coverage.

- Successful capital raising activities carried over from the previous fiscal year resulting in $9.4 million, net of transaction costs, received during the first half of the current financial year. An additional $4.1 million, net of transaction costs, was raised via an underwritten Share Purchase Plan in January 2011.

"Based on the accumulation of clinical and health economic data related to ImpediMed's L-Dex technology, we are encouraged about the prospects of reimbursement coverage from healthcare payers across the globe," said Greg Brown, CEO. "ImpediMed's L-Dex technology is a cost effective, standardised and objective measurement used to aid in the clinical assessment of unilateral lymphoedema of the arm in female breast cancer patients. We look forward with confidence to building coverage on the new CPT code and seeing the emergence of independent clinical recommendations supporting pre-emptive care."

ImpediMed's first six months of fiscal year 2011 have been strengthened by continued progress across several facets of the Group:

- Revenue, excluding finance income, for the first half of the year grew to $1.9 million, an increase of 7% over $1.7 million revenue generated in the first half of the prior year. Using a constant currency exchange rate of the Australian dollar to the US dollar, current period revenue, excluding finance income, grew by 14% over the prior comparative period.
- Total comprehensive loss for the first half of the year was $8.7 million compared to $6.1 million in the first half of the prior year. Due to the exchange rate fluctuation, the Group incurred a foreign currency translation loss of $2.3 million included in administrative and governance expense in the current period, compared to $0.7 million in the prior comparative period. The foreign currency translation loss is due to the translation of US dollar cash holdings by the Group's parent which has a functional currency of Australian dollars. The Group maintains a significant portion of available cash in US dollars to match US dollar expenses.
- Net cash flows used in operating activities decreased to $5.9 million in the first half of the year compared to $6.5 million for the comparative period due to increase in receipts from customers and lower payments to suppliers inclusive of goods and services tax. The half-year costs included increased spending for salaries and benefits due to headcount increases and spending on the UB500 program to complete the Beta II prototype devices.
- L-Dex device placements continue to progress in the US lymphoedema market with 108 devices in the market at varying stages of qualification. The adoption of L-Dex

agreements has slowed in the first half of the year due to clinicians waiting for coverage on a new Category III (CPT) code that became active on 1 January 2011.

- Net assets at 31 December 2010 were $23.3 million versus $22.2 million at 30 June 2010, an increase of 5%. In January 2011, the Group raised an additional $4.1 million, net of transaction costs, from a Share Purchase Plan Offer to existing Australian and New Zealand shareholders.
- The L-Dex annuity business will be driven, when medical providers are reimbursed (coding, payment and coverage) by insurers, at a reasonable payment, for performing L-Dex testing as an aid in their clinical assessment of unilateral lymphoedema of female breast cancer patients. This is a critical success requirement to drive future revenues.

The Group's financial results for the first half of the year reflect a combination of continued hard work by management and our employees to deliver on our strategy and milestones for our shareholders.

For more information:
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L-Dex® is a trademark of ImpediMed Limited.

"L-Dex® values that lie outside the normal range may indicate the early signs of lymphoedema and values that have changed +10 L-Dex® units from baseline may also indicate early lymphoedema. The L-Dex® scale is a tool to aid in the clinical assessment of lymphoedema by a medical provider. The L-Dex® scale is not intended to diagnose or predict lymphoedema of an extremity".

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

ImpediMed Ltd

ABN 65 089 705 144

Appendix 4D

1 **for the half-year ended 31 December 2010**

(previous corresponding period : half-year ended 31 December 2009)

The information contained in this document should be read in conjunction with the financial statements for the year ended 30 June 2010 and any public announcements made by ImpediMed Limited and its controlled entities during the interim reporting period in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

2 **Results for announcement to the market**

		Current period	Previous corresponding period	
		$000	$000	$000
2.1	Revenue from ordinary activities	**1,976**	1,817	
	Increase in revenue:			159
	Percentage increase:			9%
2.2	Loss from ordinary activities after tax attributable to members	**-8,130**	-5,560	
	Increase in loss from ordinary: activities after tax attributable to members			-2,570
	Percentage (increase):			(46%)
2.3	Net loss for the period attributable to members	**-8,130**	-5,560	
	Increase in net loss for the period attributable to members:			-2,570
	Percentage increase:			(46%)
2.4	Dividends	**NIL**	NIL	

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

2.5 Dividend Record Date — Not applicable

2.6 Explanation of operating performance

Refer to the operating and financial review in the Directors' Report of the Financial Statements for the current reporting period.

3 Net tangible assets per ordinary security

		Current period		Previous corresponding period
Net tangible assets ($000)	**$**	**20,980**	$	7,810
Issued share capital at reporting date ($000)	**$**	**93,996**	$	68,089
Number of shares on issue at reporting date		**150,376,875**		109,029,028
Net tangible assets per ordinary security	**$**	**0.14**	$	0.07

4 Acquisitions and divestments

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

4.2 Not applicable

4.3 Not applicable

5 Details of dividends

There were no dividends paid during the period, or payable at 31 December 2010.

6 Dividend Reinvestment Plans

The company has no dividend reinvestment plan.

7 Associates and joint ventures

There are no equity accounted associates and joint venture entities.

8 Accounting standards

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

9 Auditors' review report

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

IMPEDIMED LIMITED

ABN 65 089 705 144

Financial Report

For the half-year ended 31 December 2010

Corporate Information

ABN: 65 089 705 144

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 Australian dollars ($). A description of the Group's operations and of its principal activities is included in the operating and financial review in the directors' report. The directors' report is not part of the financial report.

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

Company Secretary
S Denaro

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

Solicitors
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Brisbane QLD 4000

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

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

Directors' Report

Your directors submit their report together with the consolidated interim financial report for ImpediMed Limited (the Company or the Group) for the half-year ended 31 December 2010 and the auditor's review report therein.

Directors

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

Mel Bridges, B.Sc, FAICD (Non-executive Director and Chairman)
Greg Brown, B.Sc, MBA (Executive Director and Chief Executive Officer)
Martin Kriewaldt, BA LlB (Hons), FAICD (Non-executive Director)
Cherrell Hirst, AO, MBBS, BEdSt, DUniv, FAICD (Non-executive Director)
Jim Hazel, B.Ec, F Fin, FAICD (Non-executive Director)
Michael Panaccio, B.Sc (Hons), MBA, PhD, FAICD (Non-executive Director)

Principal activities

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

Operating and financial review

Group overview

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

The ImpediMed Group consists of three entities:

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

Operating results for the period

- Total comprehensive loss for the current period was $8.7 million versus $6.1 million in the comparative prior period. The loss from continuing operations after income tax was $8.1 million versus $5.6 million in the comparative prior period. The loss from continuing operations after income tax was impacted by foreign exchange rate losses.

  The average exchange rate for the reporting period was US$0.945 to $1.00 versus US$0.902 to $1.00 for the comparative prior period. Due to this exchange rate fluctuation, the Group incurred a foreign currency translation loss of $2.3 million included in administrative and governance expense in the current period compared to $0.7 million in the prior comparative period. The Group maintains a significant portion of available funds in US dollars to match US dollar expenses.

- Sale of goods and services for the current period were $1.9 million versus $1.7 million in the comparative prior period, an increase of 12%. The increase in revenue was due primarily to an increase in L-Dex® agreements in the US and device sales worldwide which was partially offset by the effect of a strengthening Australian dollar versus the US dollar.

  The Group has continued its focus in the US Lymphoedema market to place L-Dex agreements with clinicians. The agreements often provide for an introductory period where clinicians are provided electrodes to perform the L-Dex readings without charge. Upon completion of the introductory period, the clinicians pay a monthly or quarterly minimum payment to cover a predetermined number of L-Dex readings. Additional readings are sold to the customer at predetermined prices.

There was an increase of 34 L-Dex agreements in the US marketplace from December 2009 to December 2010. The rate of new agreements slowed in the first half of financial year 2011 due to clinicians waiting for the activation and, therefore, the ability to use the American Medical Association Category III current procedural terminology (CPT) code. This code is critical for the clinician to obtain reimbursement from US payers for taking readings with our L-Dex device. Our CPT code, 0239T, was available for use by clinicians in billing payers from 1 January 2011.

- Cost of sales decreased by $0.1 million or 10% from the previous corresponding period on higher sales. The decrease was due to lower selling costs related to lower royalties and commissions in our test and measurement segment.
- Salaries and benefits expense for the current period was $3.1 million versus $2.6 million in the comparative prior period. The increase is related to increased headcount in sales and marketing, managed care and corporate support.
- Research and development expense for the current period was $0.7 million versus $0.2 million in the comparative prior period. The increase in spending was due primarily to the development of our next generation UB500 Beta II device. The UB500 device is an important product in our strategy to expand the Group's bioimpedance spectroscopy technology to testing pelvic cancer survivors, both male and female. Twenty (20) Beta II devices were manufactured during the current period for use in upcoming clinical studies and trials.
- Administrative and governance expense for the current period was $2.9 million versus $1.2 million in the comparative prior period. The increase was due primarily to an increase in foreign exchange losses on US dollar assets held by the Group in the period as the Australian dollar strengthened compared to the US dollar.
- Advertising and promotion expense for the current period was $0.1 million versus $36,000 in the comparative prior period. The increase was due to increased activities at trade shows.
- Other comprehensive loss was $0.6 million versus $0.5 million in the comparative prior period. The increase was primarily due to the improving translation rate of the Australian dollar versus the US dollar during the current period and the increase in US dollar assets held by the Group.

Liquidity and capital resources

- Cash and cash equivalents increased to $19.9 million at 31 December 2010 from $18.8 million at 30 June 2010 due primarily to the capital raise on 13 December 2010 offset by net cash used in operating activities. Net cash used in operating activities for the period was $5.9 million which reflected a decrease from $6.5 million net cash used in operating activities in the comparative prior period.
- Cash flow from financing activities generated $9.4 million, net of transaction costs, compared to $6.6 million, net of transaction costs in the comparative prior period.

Rounding of amounts

The amounts contained in this report and in the condensed financial report for the half-year ended 31 December 2010 have been rounded to the nearest thousand (where rounding is applicable and where noted ($000)) under the option available to the Company under ASIC CO 98/100. The Company is an entity to which the Class Order applies.

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
23 February 2011

ERNST & YOUNG

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Auditor's Independence Declaration to the Directors of ImpediMed Limited

In relation to our review of the financial report of ImpediMed Limited and its controlled entities for the half year ended 31 December 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Alison de Groot
Partner
Brisbane
23 February 2011

Consolidated Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Notes	31 Dec 2010 $000	31 Dec 2009 $000
Continuing operations			
Sale of goods	3a	**1,778**	1,635
Rendering of services		**93**	108
Finance income	3b	**105**	74
Revenue		**1,976**	1,817
Cost of sales	3g	**(700)**	(780)
Other income	3c	**39**	19
Other finance costs		**(1)**	(1)
Salaries and benefits	3e	**(3,145)**	(2,574)
Research and development		**(698)**	(230)
Administrative and governance	3f	**(2,910)**	(1,236)
Consultants and professional fees		**(980)**	(930)
Depreciation and amortisation	3d	**(304)**	(294)
Advertising and promotion		**(121)**	(36)
Rent and property expenses		**(192)**	(190)
Travel expenses		**(432)**	(408)
Share based payments		**(394)**	(383)
Other expenses		**(268)**	(334)
Loss from continuing operations before income tax		**(8,130)**	(5,560)
Income tax		**-**	-
Loss from continuing operations after income tax		**(8,130)**	(5,560)
Net loss for the period		**(8,130)**	(5,560)
Other comprehensive loss			
Foreign currency translation		**(587)**	(491)
Income tax on items of other comprehensive loss		**-**	-
Other comprehensive loss for the period, net of tax		**(587)**	(491)
Total comprehensive loss for the period		**(8,717)**	(6,051)

Loss per share	**31 Dec 2010 $**	**31 Dec 2009 $**
Basic and diluted loss per share	**(0.06)**	(0.05)

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

Consolidated Balance Sheet

AS AT 31 DECEMBER 2010

	Notes	as at 31 Dec 2010 $000	as at 30 Jun 2010 $000
ASSETS			
Current Assets			
Cash and cash equivalents	4	**19,939**	18,789
Trade and other receivables		**722**	773
Inventories		**1,185**	1,375
Other current assets		**283**	257
Total Current Assets		**22,129**	21,194
Non-current Assets			
Restricted cash assets		**105**	119
Other financial assets		**17**	21
Plant and equipment		**453**	539
Intangible assets	8	**580**	920
Goodwill	8	**1,784**	2,117
Total Non-current Assets		**2,939**	3,716
TOTAL ASSETS		**25,068**	24,910
LIABILITIES			
Current Liabilities			
Trade and other payables		**1,013**	1,746
Provisions		**565**	783
Total Current Liabilities		**1,578**	2,529
Non-current Liabilities			
Provisions		**146**	151
Total Non-current Liabilities		**146**	151
TOTAL LIABILITIES		**1,724**	2,680
NET ASSETS		**23,344**	22,230
EQUITY			
Issued capital	9	**93,996**	84,559
Reserves		**2,789**	2,982
Accumulated losses		**(73,441)**	(65,311)
TOTAL EQUITY		**23,344**	22,230

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

Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Notes	31 Dec 2010 $000	31 Dec 2009 $000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**1,821**	1,797
Payments to suppliers and employees (inclusive of goods and services tax)		**(7,856)**	(8,370)
Interest received		**121**	71
Interest paid		**-**	(1)
Net cash flows used in operating activities		**(5,914)**	(6,503)
Cash flows from investing activities			
Purchase of equipment		**-**	(31)
Purchase of intangibles		**-**	(2)
Net cash flows used in investing activities		**-**	(33)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	9	**10,010**	6,972
Transaction costs from capital raise	9	**(573)**	(368)
Net cash flows from financing activities		**9,437**	6,604
Net increase in cash and cash equivalents		**3,523**	68
Net foreign exchange differences		**(2,373)**	(33)
Cash and cash equivalents at beginning of period		**18,789**	6,634
Cash and cash equivalents at close of period	4	**19,939**	6,669

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

Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Issued Capital	Share Reserves	Foreign Currency Translation Reserve	Accumulated losses	Total
	$000	$000	$000	$000	$000
At 1 July 2009	61,485	1,989	502	(53,909)	10,067
Loss for the period	-	-	-	(5,560)	(5,560)
Other comprehensive income	-	-	(491)	-	(491)
Total comprehensive loss for the half-year	-	-	(491)	(5,560)	(6,051)
Transactions with owners in their capacity as owners					
Share-based payment	-	383	-	-	383
Allotment of ordinary shares	6,972	-	-	-	6,972
Costs of capital raising	(368)	-	-	-	(368)
At 31 December 2009	68,089	2,372	11	(59,469)	11,003
At 1 July 2010	**84,559**	**2,840**	**142**	**(65,311)**	**22,230**
Loss for the period	**-**	**-**	**-**	**(8,130)**	**(8,130)**
Other comprehensive loss	**-**	**-**	**(587)**	**-**	**(587)**
Total comprehensive loss for the half-year	**-**	**-**	**(587)**	**(8,130)**	**(8,717)**
Transactions with owners in their capacity as owners					
Share-based payment	**-**	**394**	**-**	**-**	**394**
Allotment of ordinary shares	**10,010**	**-**	**-**	**-**	**10,010**
Costs of capital raising	**(573)**	**-**	**-**	**-**	**(573)**
At 31 December 2010	**93,996**	**3,234**	**(445)**	**(73,441)**	**23,344**

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

Condensed Notes to the Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

1 Basis of preparation and accounting policies

Basis of preparation

The consolidated financial statements of ImpediMed Limited for the half-year ended 31 December 2010 were authorised for issue in accordance with a resolution of the Board of Directors on 23 February 2011.

This general purpose condensed financial report for the half-year ended 31 December 2010 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 2010 and considered together with any public announcements made by the Group during the half-year ended 31 December 2010 in accordance with the continuous disclosure obligations of the ASX listing rules.

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

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

Going concern

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

The Group has incurred an operating loss after income tax of $8.1 million for the half-year ended 31 December 2010 (31 December 2009: $5.6 million) and net operating cash outflow of $5.9 million for the half-year ended 31 December 2010 (31 December 2009: $6.5 million).

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

(i) The Group believes it will be able to raise additional capital from its shareholders and potential investors should this be necessary.

(ii) As at 31 December 2010, the Group had net assets of $23.3 million. At the same date, the market capitalisation of ImpediMed Limited was in excess of $121.8 million and as at 31 December 2010, assets of the Group exceeded liabilities by a ratio of 14.54 : 1.

(iii) The Group had cash at its disposal of $19.9 million at 31 December 2010 and had no borrowings from banks or other financial institutions at 31 December 2010.

(iv) The Group has the ability to vary certain expenditures dependent on its capital raising support and therefore cash outflows can be adjusted.

(v) On 31 January 2011, the Company raised $4.1 million, net of costs, issuing 6,100,186 ordinary shares, through a Share Purchase Plan (SPP) from existing Australian and New Zealand shareholders.

1 Basis of preparation and accounting policies (continued)

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

Changes in accounting policy

The accounting policies and methods of computation are consistent with those of the most recent annual report except as follows.

The following amending Standards and Interpretations have been adopted in the current period. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

- AASB 5 Non-current assets held for sale and discontinued operations (amended)
- AASB 107 Statement of cash flows (amended)
- AASB 136 Impairment of assets (amended)
- AASB Interpretation 17 Distribution of non-cash assets to owners

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

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

2 Segment reporting

The following table presents revenue and profit information for reportable segments for the half-years ended 31 December 2010 and 31 December 2009.

Half-year ended 31 December 2010	**Medical**	**Test & Measurement**	**Total**
	$000	$000	$000
Revenue			
Device sales to external customers	**773**	**646**	**1,419**
Operating leases to external customers	**244**	**-**	**244**
Consumable sales to external customers	**115**	**-**	**115**
Service revenue to external customers	**19**	**74**	**93**
Total segment revenue	**1,151**	**720**	**1,871**
Unallocated revenue (finance income)			**105**
Consolidated revenue			**1,976**

2 Segment reporting (continued)

Half-year ended 31 December 2010	Medical	Test & Measurement	Total
	$000	$000	$000
Results			
Segment result	**(7,873)**	**(57)**	**(7,930)**
Depreciation and amortization expenses	**(302)**	**(2)**	**(304)**
Loss before income tax	**(8,175)**	**(59)**	**(8,234)**
Income tax	**-**	**-**	**-**
Net allocated loss for the period	**(8,175)**	**(59)**	**(8,234)**
Unallocated results (finance income less costs)			**104**
Net loss for the period			**(8,130)**

Half-year ended 31 December 2009	Medical	Test & Measurement	Total
	$000	$000	$000
Revenue			
Device sales to external customers	716	631	1,347
Operating leases to external customers	173	5	178
Consumable sales to external customers	93	17	110
Service revenue to external customers	18	90	108
Total segment revenue	**1,000**	**743**	**1,743**
Unallocated revenue (finance income)			74
Consolidated revenue			**1,817**

Half-year ended 31 December 2009	Medical	Test & Measurement	Total
	$000	$000	$000
Results			
Segment result	(5,322)	(17)	(5,339)
Depreciation and amortization expense	(288)	(6)	(294)
Loss before income tax	**(5,610)**	**(23)**	**(5,633)**
Income tax			-
Net allocated loss for the period			**(5,633)**
Unallocated results (finance income less finance costs)			73
Net loss for the period			**(5,560)**

3 Revenue, income and expenses

		2010 $000	2009 $000
(a)	**Sale of goods**		
	Device sales	**1,419**	1,347
	Consumable sales	**115**	110
	Device operating lease	**244**	178
		1,778	1,635
(b)	**Finance income**		
	Bank interest – Bank deposits	**60**	73
	Bank interest – Term deposits	**45**	1
		105	74
(c)	**Other income**		
	Non-operating service income	**-**	1
	Other (i)	**39**	18
		39	19

(i) Other income consists primarily of royalty income

		2010 $000	2009 $000
(d)	**Depreciation and amortisation**		
	Depreciation of property, plant and equipment	**38**	44
	Depreciation of demo and loan devices	**34**	(15)
	Amortisation of leasehold improvements	**21**	21
	Amortisation of patents and licenses	**117**	141
	Amortisation of software	**94**	103
		304	294
	Depreciation of operating lease devices (ii)	**35**	32
		339	326

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

		2010 $000	2009 $000
(e)	**Salaries and benefits**		
	Wages and salaries	**2,611**	2,087
	Superannuation costs	**124**	118
	Other employee costs	**399**	377
	Long service leave	**11**	(8)
		3,145	2,574
	Share based payments to employees	**293**	360
		3,438	2,934

3 Revenue, income and expenses (continued)

(f) Administrative and governance

	2010 $000	2009 $000
The following items are included in administrative and governance expense.		
Bad and doubtful debts	**-**	26
Net foreign exchange losses	**2,259**	663

(g) Cost of sales

The following item is included in cost of sales.

	2010 $000	2009 $000
Inventory write-down	**13**	8

4 Cash and cash equivalents

	as at 31 Dec 2010 $000	as at 30 Jun 2010 $000
Cash at bank and in hand	**19,939**	4,192
Short term deposits	**-**	14,597
	19,939	18,789

5 Dividends paid

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

6 Related party disclosure

For the current period, no new transactions with directors occurred that would be considered related party transactions, other than payments to a consultant who is related to the CEO. Services rendered for the current period totalled $26,000 (31 December 2009: nil). Amounts payable to this related party at 31 December 2010 were $7,000 (30 June 2010: $7,000).

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

7 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 current period, there have been no new operating lease commitments.

7 Commitments and contingencies (continued)

Expenditure Commitments

At 31 December 2010, the Group had expenditure commitments of $0.3 million (30 June 2010: $26,000) relating to the funding of various research and development, advertising and promotion, and other operating activities.

Litigation

At 31 December 2010, the Group has no known open claims or lawsuits against it.

8 Intangible assets and goodwill

Intangible assets decreased in the current period due to foreign currency exchange movements and amortisation of the computer software, patents and licenses.

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

9 Issued capital

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

	Number of shares	$000
Beginning balance 1 July 2010	**136,014,291**	**$ 84,559**
Issue of ordinary shares to employees and consultants	**62,584**	**-**
Issue of ordinary shares	**14,300,000**	**10,010**
Costs of capital raising		**(573)**
Closing balance 31 December 2010	**150,376,875**	**$ 93,996**

On 13 December 2010, the Company raised capital through an institutional placement led by joint managers, RBS Morgans and Wilson HTM Investment Group dated 3 December 2010. The Company issued 14,300,000 ordinary shares to institutional and sophisticated investors.

10 Events after the balance sheet date

On 31 January 2011, the Company raised capital through a Share Purchase Plan Offer (SPP) led by joint managers, RBS Morgans and Wilson HTM Investment Group dated 3 December 2010. The Company issued 6,100,186 ordinary shares to applicants of the SPP at $0.70 per share raising net proceeds of $4.1 million.

Directors' Declaration

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

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 2010 and the performance for the half-year ended on that date of the consolidated entity; and

  (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

(b) There are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Jim Hazel	Greg Brown
Director	CEO & Director

Brisbane, 23 February 2011

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Auditor's Independent Review Report

To the members of ImpediMed Limited

Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of ImpediMed Limited, which comprises the consolidated balance sheet as at 31 December 2010, 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, notes comprising a summary of significant accounting policies and other selected explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half year end or from time to time during the half year.

Directors' Responsibility for the Half Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of 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 2010 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 2010 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*.

Ernst & Young

Ernst & Young

Alison de Groot
Partner
Brisbane
23 February 2011