

25th February 2009

ASX ANNOUNCEMENT - HALF YEAR RESULTS AND BUSINESS UPDATE

ImpediMed Limited today released final audited results for the half year ended 31st December 2008.

CEO Greg Brown said "We are excited by the progress made by the business in the last six months":

- Sales revenue for the half year was \$1,316,955 up 47%, against the comparative period result for the FY08 first half of \$893,266.
- FDA clearance was achieved for the L-Dex U400 for clinical assessment of Unilateral Lymphoedema in October 2008.
- The company launched a new sustainable business model via its "L-Dex agreements". Under these agreements, the company places devices with clinicians, and after a qualification period invoices them monthly for a contracted minimum amount. This business model potentially creates a long term annuity stream for the business built from an installed base of devices.
- The company launched a direct sales force focused initially on Breast Surgeons in the USA.
- Investor support for the company has been strong with \$4.2 Million in placements in July 2008 at 75 cents, which has been followed by a \$2.0 Million placement on 30th January 2009 at 70 cents.

With respect to the state of the capital markets, Mr Brown said "Healthcare is often seen as a resilient sector during difficult financial times. This coupled with the advanced stage of our commercial launch, benefits the company by still attracting professional investor interest. ImpediMed's business is focused on the prevention of lymphoedema in breast cancer and even in these harsh economic times, breast cancer remains a growing global issue."

"The fact that ImpediMed has the only FDA cleared device for this critical medical application, coupled with strong clinical validation, and building private payer coverage on a miscellaneous code, is putting the company in a unique and fortuitous position. This with the launch of ImpediMed's new L-Dex business agreement, a well known and recognized annuity model, is helping to generate strong interest from both our existing institutional investors, and potential new investors.

The net loss for the FY09 first half was \$7,750,091 versus the unaudited estimate released on 30th January of \$7.7 million. This compared to a net loss of \$5,552,155 for the FY08 first half.

- The investment the company made in the period launching its direct to market strategy in the US, and recruiting a direct to market sales team brought an increase in overheads, the fruits of which in time should make a positive contribution to cashflow.
- The company invested in expediting the development project for its next generation UB500 device during the period. This was to ensure it could qualify for selection in a major US clinical trial for women's related pelvic region cancers, funded by the US government. This device is an important part of our product pipeline and expands the company's market to include pelvic region cancer related lymphoedema. The investment in external project costs in the period was \$2,325,280 versus the comparative period investment of \$637,353. The prototype development is complete at the time of writing. External project expenses are projected to drop away for the next six months while internal testing and validation is conducted. This will represent a significant reduction in monthly costs.
- The deterioration of the \$AU to \$US exchange rate through the reporting period increased the Australian dollar costs of running the US business through the December quarter. The company has a substantial part of its cash in US dollars to limit exposure to further deterioration in the exchange rate.

With the \$2.0 Million raised on 30th January 2008, the pro-forma cash at 31st December 2008 is \$6.6 million. The company's operating plans for calendar 2009 project a more modest cash burn with the reduction in external R&D costs.

For more information:

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