



ASX : IPD

30<sup>th</sup> January 2009

## **ASX ANNOUNCEMENT - MARKET UPDATE & SHARE PLACEMENT**

ImpediMed Limited expects to release final audited results for the half year ended 31<sup>st</sup> December 2008 around 25<sup>th</sup> February 2009. Ahead of the commencement of the audit however the company would like to provide a preliminary update to shareholders.

CEO Greg Brown said “We are very pleased to be able to give shareholders a positive update on the business, and in particular with regard to the initial progress in developing the US market for L-Dex devices. Three weeks after the company received FDA clearance in late October 2008, ImpediMed began its initial launch of the product to US breast surgeons, through its recently appointed sales team. ImpediMed now has 28 L-Dex devices placed with customers on agreements.”

Under an L-Dex agreement, devices are placed with the clinician, who is invoiced monthly for a contracted minimum amount. CEO Greg Brown said “I receive a lot of positive feedback from the investment community on the L-Dex agreement business model. A potential long term annuity stream from an installed base of devices creates a more sustainable business model for the company and its investors. As ImpediMed’s reimbursement strategies progress, such agreements will work better for clinicians’, more closely aligning their financial outlays with the reimbursements they would receive from payers. Presently private payers are showing support for the use of L-Dex device usage in breast cancer patients. .

“With our US sales reps through their first quarter, and with a building list of prospects, we are excited by the outlook for further placements this year,” Mr Brown said.

Results for the half year (unaudited) are expected to be as follows:

- FY09 Gross Sales Revenue for the half year was \$1,313K, but after an adjustment for a credit in December 2008 to the former European Distributor of \$322K, reported sales revenue for the period will be \$992K. The longer term benefits of this amicable parting with the European Distributor were announced and discussed in the company’s AGM presentation.
  - The comparative period result for the FY08 half year was \$893K.
  - The sales result for the period was very encouraging. Without the adjustment, year on year half year sales increased by 47%. Even with the credited distributor inventory, the first half revenues were still 11% over the same period last year.
  - It should be noted that the shift to a focus on L-Dex Agreements in the key US market means the addition of new long term customers will have little impact in the revenue for the half year. The quarterly testing of patients has a cumulative impact and this builds to a significant annuity stream which should be seen in the following financial year.

- A net loss of around \$7.7 Million for the FY09 half year, versus the comparative result for the FY08 half year of \$5.5 Million.
  - During the reporting period the investment the company made in launching its direct to market strategy in the US, and recruiting a direct to market sales team brought an increase in US based overheads, which in time should make a positive contribution to cashflow.
  - During the period the company invested heavily in the development of its next generation UB500 device. This device is an important part of building a product pipeline that will expand the company's market to pelvic region cancer related lymphoedema. The investment in external project costs in the period was \$2.3 Million versus the FY08 half year comparative of around \$0.6 Million. 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 represents 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 now has a substantial part of its cash in US dollars to limit exposure to further deterioration in the exchange rate going forward.

## **SHARE PLACEMENT & CASH**

The company is also pleased to announce the conclusion of a share placement effective today with the issue of 2,857,143 fully paid ordinary shares at 70 cents.

The \$2.0 Million raised adds to closing cash at 31<sup>st</sup> December 2008 of \$4.7 Million to give a proforma cash position of \$6.7 million.

The company's operating plans for 2009 project a more modest cash burn due to the new product development costs reducing significantly, meaning the company does not have near term cash pressures.

ImpediMed's securities on issue following the share placement are summarised on the next page.

**ImpediMed Limited - Summary of securities on issue**

Instrument	Details	Quoting Status	Escrow Status	Escrow Release Date	Balance at 20-Nov-2008	Share Placement 29-Jan-09	Closing Balance
Ord Shares	Shares on Issue Pre-Prospectus	Quoted	Unrestricted	n/a	31,789,017		31,789,017
Ord Shares	Shares on Issue Pre-Prospectus	Quoted	Voluntary Escrow	24/04/2008	-		-
Ord Shares	Shares on Issue Pre-Prospectus	Quoted	Voluntary Escrow	24/10/2008	14,370,317		14,370,317
Ord Shares	Shares issued through IPO	Quoted	Unrestricted	n/a	25,000,000		25,000,000
Ord Shares	Placement 11th July 2008	Quoted	Unrestricted	n/a	1,600,001		1,600,001
Ord Shares	Placement 30th July 2008	Quoted	Unrestricted	n/a	4,000,000		4,000,000
Ord Shares	Quotation of Xitron Consideration Shares	Quoted	Unrestricted	n/a	2,918,648		2,918,648
Ord Shares	Placement 28th Jan 2009	Quoted	Unrestricted	n/a		2,857,143	2,857,143
<b>Total Quoted Shares</b>					<b>79,677,983</b>	<b>2,857,143</b>	<b>82,535,126</b>
Ord Shares	Shares on Issue Pre-Prospectus	Unquoted	Mandatory Escrow	24/10/2009	7,510,126		7,510,126
Ord Shares	Issue on Closing of Xitron Acquisition : 01-Oct-07	Unquoted	Mandatory Escrow	1/10/2008	-	-	-
Ord Shares	Issue Xitron Acqn Working Cap Adj : 21 Dec 08	Unquoted	Mandatory Escrow	1/10/2008	-	-	-
Ord Shares	Issue Xitron Acq'n Milestone 1 : 21-Apr-08	Unquoted	Mandatory Escrow	1/10/2008	-	-	-
Ord Shares	Issue CY2007 Performance Shares - 1/3 vesting	Unquoted	Share Plan Escrow	Conditional	130,749		130,749
<b>Total Shares on Issue</b>					<b>87,318,858</b>	<b>2,857,143</b>	<b>90,176,001</b>
IPDO Opts	IPO Options issued through Prospectus on IPO	Quoted	Unrestricted	n/a	12,500,000		12,500,000
CEO Opts	Options on issue Pre-Prospectus	Unquoted	Restricted	24/10/2009	747,673		747,673
CEO Opts	Options issued to CEO through Prospectus	Unquoted	Restricted	24/10/2009	1,000,000		1,000,000
ESOP Opts	Options on issue Pre-Prospectus	Unquoted	Unrestricted	n/a	3,700,000		3,700,000
<b>Total Options on Issue</b>					<b>17,947,673</b>	<b>-</b>	<b>17,947,673</b>

**For more information:**

**Greg Brown**

**CEO & Director**

**+61 (7) 3860-3700**