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ASX NEWS RELEASE

INDEPENDENT HEALTH ECONOMIC MODEL DEMONSTRATES BILLION DOLLAR SAVINGS TO U.S. HEALTHCARE FROM IMPLEMENTING PRE-EMPTIVE CARE WITH L-DEX® TESTING

Major Savings Beginning in the First Year

Brisbane, Australia. ImpediMed Limited announced today the completion of an independent health economic model developed by IMS Health, Inc., a global market intelligence consulting firm. Health economic models are needed to effectively demonstrate and communicate a product's value to both the payers and providers of healthcare. It allows a thorough understanding around the value of a new technology (product or device), being defined by both the clinical and economic efficiency in delivering affordable patient care.

Today, providing better care for less money is a major driver of change within the U.S. healthcare system. The IMS health economic model, (the Model), will provide U.S. healthcare payers a financial analysis of the impact of implementing a pre-emptive model for lymphoedema care. The Model, to be used with U.S. based healthcare insurers and managed care organisations, is based on an insurer's number of covered lives or members, and will compare the differences between pre-emptive care and today's reactive care costs.

The Base Case Model, derived from published default values applied against the entire U.S. insured population, with a \$600 reimbursement for each L-Dex® test - showed a net savings to insurers and managed care organisations of \$0.06 "per member per month". This equates to annual savings of \$235 million at one year increasing to \$2 billion at five years.

The Model assesses the value of L-Dex use compared with self-report of symptoms, which is current clinical practice with surgeons, in patients who have been surgically treated for breast cancer and are thus at risk for lymphoedema.

Greg Brown, CEO of ImpediMed said, "We have always been confident of the positive financial impact earlier detection and treatment of lymphoedema could have on healthcare systems around the world. This Model provides us with an independent, highly detailed; evidence based analytic tool to assist U.S. third party payers and managed care organisations in the financial evaluation for reimbursing L-Dex® testing as a part of their breast cancer care medical policy. This Model will become a cornerstone in our discussion with payers, managed care providers, surgeons, radiologists, and

therapists. It will help them better understand the costs associated with later stage identification of lymphoedema, costs which, in many cases, the organisation is unaware.

“The Model provides a field-ready tool to assist in demonstrating and communicating the value proposition for early detection and treatment of lymphedema.” said Mitch DeKoven, the Project Director for IMS Health Economics and Outcomes Research. “IMS Health’s objective was to develop an evidence-based economic model, from a payer-perspective, that communicated the value of early detection and treatment of lymphedema.”

In Health Maintenance Organizations (HMO’s), services are frequently evaluated in terms of their capitated costs – the true cost of providing a service to each member on an on-going basis. Improving outcomes while reducing costs provides incentives for payers to change medical practice.

In addition to looking at direct cost offsets, the Model also provides key metrics and outcomes used by U.S. managed care organizations. Quality adjusted life years (QALYs), work days lost and excess mental healthcare use are incorporated into the Model’s results. The Model shows, that across the U.S. population, over two million work days could be lost in the first year of not using L-Dex® to routinely monitor and treat patients at risk. Among other findings, the cost of today’s delayed treatment and the cost of hospitalisation due to infection are both important drivers of the Model. The cost savings associated with L-Dex® use are even greater as healthcare costs increase. Lost work days are an uncoded component of the model, therefore, the actual savings to the entire system including employers is far greater.

About ImpediMed Limited

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 .

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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 assist 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”.