In conjunction with the release of its Appendix 4C quarterly cash flow report today ImpediMed Limited provides the following company update.

a) Sales revenue from goods and services for the year ended 30th June 2009 (unaudited) is estimated at $2.99 Million up 30% from financial year 2008 for which sales revenue was $2.3 Million.
   o It should be noted that the 30% increase is in spite of a shift from focusing on a device sales business model, to focusing on an L-Dex agreement operating lease business model, under which clinicians have been granted free trial periods to test reimbursement coverage in their area.
   o As the L-Dex agreement business model gains ground over time, instead of unpredictable device sales, period to period, the company is targeting, through strategic investments into reimbursement programs, a building base of repeat business with new and previous placements.

b) Cash at 30th June 2009 was $AU 6.6 Million, while pro forma cash adding in the funds raised from the entitlement offer allotment on the 2nd July 2009, and net of costs of the offer was $13.2 Million.

c) Commercial progress through the year has included:
   o Transition of the company’s Operations Centre from Brisbane to San Diego to support the US “go to market” strategy. This has been a critical step to ensure the key global market has the infrastructure in place to support clinicians in adoption of the company.
   o FDA Clearance of the U400 for clinical assessment of unilateral lymphoedema of the arm in breast cancer patients in October 2008.
   o Establishment of a small direct sales force placing L-Dex devices with breast surgeons and oncologists in the USA launched in November 2008.
   o Progress made in achieving reimbursement for use of the company’s devices by clinicians in the clinical assessment of lymphoedema using a miscellaneous reimbursement code.
   o A building opinion moulder user base of key executives from the ‘American Society of Breast Surgeons’ (ASBS)
   o Several publications in key journals around the benefits of pre-emptive care and ImpediMed L-Dex performance
o Release of a publication in the Journal of Clinical Oncology on the health economics of lymphoedema, estimating the costs of managing a breast cancer patient with lymphoedema as in the range of $US 14,877 to $US 23,167 higher than those of a breast cancer patient without lymphoedema during the two year study period. This publication is ground breaking research that creates the health economic evidence to support funding for pre-emptive care for patients to prevent the progression of lymphoedema through early detection.

   
d) The net loss for the year ended 30th June 2009 (unaudited) is estimated to fall between $AU 14.4 Million and $AU 14.6 Million. This compares with the net loss for FY2008 of $AU 9.8 Million. Key drivers of the difference included

   o The average exchange rate in FY2009 was 0.748 a decline of 16.5% from the average rate for FY2008 of 0.896. With $AU 8.7M in costs in the US subsidiaries largely denominated in US dollars the impact of the exchange rate movement on costs was around $AU 1.4M. Since the decline of the Australian Dollar last year the company has adopted a hedging policy and aligns available cash with anticipated currency usage. At time of writing the company has around $US 5.2 Million of its cash in US dollars.

   o External R&D project costs of around $AU 2.9 Million for FY2009 versus $AU 1.8 Million in 2008 developing the next generation UB500 product that is at prototype stage and undergoing evaluations, an increase of $AU 1.1 Million

   o The commitment of significant additional resources to the commercialization of the lymphoedema market in the United States, beginning with a first wave focus on breast surgeons and oncologists dealing with breast cancer patients who are at risk of lymphoedema. The company’s second wave market focus will be to clinicians managing patients who have been treated for pelvic region cancers and are at risk of lymphoedema in their legs. ImpediMed expects to submit applications for FDA clearance of its L-Dex U400 device for use in the clinical assessment of unilateral leg lymphoedema by the 3rd quarter of 2010, and for use in the clinical assessment of bilateral leg lymphoedema by the 1st quarter of 2011

The company released its Appendix 4C statement today, reporting a negative cash flow from operations for the quarter of ($1,842 K) down from ($2,660K) in the March 2009 quarter. This reflected a reduction in R&D project costs in the quarter, and the implementation of cash conservation measures during the quarter while the company completed its placement and entitlement offer.

Management is focused on the next key company milestone, being lodgement of an application to the American Medical Association in its November 2009 application round for a category one reimbursement code that would be used by clinicians using ImpediMed devices in the clinical assessment of lymphoedema and which assures a much simpler and more effective reimbursement process.

The company expects to release its Annual Report around the 28th August 2009 and looks forward to expanding on the progress made in financial year 2009.

Greg Brown
CEO