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PRESS RELEASE

ASX RELEASE – FISCAL YEAR 2010 ANNUAL REPORT– A YEAR OF SIGNIFICANT ACHIEVEMENT INCLUDING PROGRESS ON U.S. REIMBURSEMENT FOR L-DEX® TESTING

ImpediMed Limited (ASX:IPD) (the Group) today released its Annual Report for the year ended 30 June 2010, incorporating final audited results for the year.

ImpediMed Chairman, Mr Mel Bridges said, “We are very pleased with the Group’s progress during 2010 in advancing physician adoption and key programs for the reimbursement of L-Dex medical devices to support the pre-emptive treatment of lymphoedema. It was a solid year for the Group as we also rounded out our U.S. executive and managed care teams, filed with the FDA to expand the indications for use of ImpediMed’s L-Dex 400 device and improved our intellectual property rights around our core technology. We look forward to further growing interest and adoption of ImpediMed’s technology in the coming years by breast cancer surgeons and other clinicians.”

Following are some of the highlights:

- The major focus for the past year was establishing a Current Procedural Terminology (CPT) code for L-Dex testing, using bioimpedance spectroscopy for assessing fluid changes in the arms and legs. This specific code will facilitate reimbursement to physicians for L-Dex testing by insurers and managed care organisations. The category III CPT code was reviewed in February 2010 and was published in late June 2010. It will become available to physicians in January 2011 and is expected to improve the process for clinicians to receive payment for L-Dex testing.
- Adoption of the L-Dex business model continues to increase in the U.S. lymphoedema market with 98 devices in the U.S. as of 30 June 2010, an increase from 45 at the beginning of the financial year.
- An application with the U.S. Food and Drug Administration (FDA) to expand the indications for use of ImpediMed’s L-Dex device which is the first device with FDA clearance for aiding in the clinical assessment of unilateral lymphoedema of the arm in female breast cancer patients. The new application is for a similar claim for limbs indicated in a broader range of cancer patients.
- We established a managed care team in the U.S. which is critical to building reimbursement and insurer coverage for L-Dex testing in the U.S.

- The Group was successful in raising \$AU 23.1 million, during financial year 2010 to fund ongoing development and expansion.

CEO Greg Brown announced the highlights of the financial results for financial year 2010 (\$AU).

- Revenue related to goods and services for the year ended 30 June 2010 was \$3.6 million, a 22% increase compared to \$3.0 million for 2009.
- Cash and cash equivalents increased to \$18.8 million at 30 June 2010 from \$6.6 million at 30 June 2009 due to the capital raisings during the year.
- Net cash used in operating activities during 2010 of \$10.4 million reflected a decrease of \$1.4 million compared to \$11.8 million used in 2009.
- The loss from continuing operations after income tax decreased to \$11.4 million from \$14.0 million in the prior year. The improved financial performance was due to a combination of increased revenue and decreased expenses. Key movements are explained as follows:
 - Administrative and governance expense decreased 48% to \$1.1 million in 2010 as compared to \$2.0 million for the prior year. The decrease was due to a reduction in information technology expenses and decreased reliance on external resources for the public relations and regulatory services.
 - Research and development costs decreased 55% to \$1.3 million in 2010 as compared to \$2.9 million for 2009. The majority of the R&D expenditures in 2009 related to the UB500 project, which in January 2009 reached the Beta I prototype stage. Spending reductions associated with the clinical verification of the device led to a slowdown in the UB500 costs until the April 2010 capital raising when the UB500 project was funded to continue development.
 - Salaries and benefits increased during 2010 due primarily to increased staffing for the U.S. operations. Total Group salaries and benefits increased to \$5.7 million, an increase of 12% as compared to \$5.1 million in 2009. The full time equivalent headcount at 30 June 2010 increased to 42 from 34 at the prior year end.
 - Advertising and promotion expense for 2010 decreased to \$0.2 million from \$0.6 million for the prior year due to reducing promotional activities.

Mr Brown said, "During the 2010 financial year, the Group managed resources well while continuing to build on the key core strategic pillar which is essential for driving the business model forward and creating shareholder value: reimbursement for physicians – coding, payment and coverage. Additional progress is evidenced by our recent announcement on 25 August 2010 of our first contract with a U.S. managed care organisation for use of our L-Dex technology. Payment to physicians for L-Dex testing is the main driver of our business model and we are working hard to expand reimbursement in the U.S."

“The executive management of ImpediMed sees financial year 2011 as a pivotal year for expanding reimbursement and beginning to drive L-Dex revenue in the U.S. We expect to direct significant energy towards building reimbursement and coverage statements during 2011 and we are confident that the rewards for this can be considerable. We look forward to reporting our progress in achieving key milestones to build shareholder value in the coming year.” said Mr Brown.

Mel Bridges
Chairman

Greg Brown
CEO

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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”.

About ImpediMed

ImpediMed Ltd. 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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