23 November, 2010

ASX RELEASE

IMPEDIIMED REAFFIRMS COMPANY GROWTH PROSPECTS

At today's AGM, Chief Executive Officer, Greg Brown announced to shareholders that the successful establishment of a technology specific CPT code for both arms and legs was a major milestone last year in laying the platform for the Company's US targeted reimbursement program. He further added that reimbursement was one of the key drivers for the ImpediMed business and was a major focus for the Company in building longer term shareholder value. Mr Brown was upbeat about the prospects for the Company in building reimbursement over the coming months.

Mr Brown said, “Presently the L-Dex® U400 is the first FDA cleared medical device with an arm claim on the market. Last year saw another major milestone reached with the filing of the unilateral limb claim for the L-Dex® U400 with the FDA. Once cleared this would allow the technology to qualify for reimbursement for medical providers adopting pre-emptive care practices in both breast and pelvic cancers. Leg lymphoedema represents a far larger market that we can help prevent lymphoedema in, and opens up a far broader access for the testing,” he added.

ImpediMed’s Chairman, Mel Bridges was delighted with the Company’s prospects for growth in the coming years, especially due to the progress being made with proving both the clinical and economic value of pre-emptive care with the L-Dex® U400. Last year saw the Company make the decision to build an independent health economic model, critical for building coverage with payers in key global markets. The initial data from this model is compelling and the Company is confident it can be used to assist, especially in the US, in coverage decisions for L-Dex® testing. The Company continues to target the larger health care payers and key managed care organisations in the US to build coverage and reimbursement for the testing,” Mr Bridges said.

“In addition, we have received strong support from key US, European and Australian surgeons this year in relation to the adoption of ImpediMed’s L-Dex® technology. The recent MedScape ‘Continuing Medical Education’ video in the US market was yet another step forward in helping to educate key medical providers to the benefits of pre-emptive care in helping to prevent lymphoedema. I encourage shareholders to log on to the Company website (www.impedimed.com), register and watch this and other videos on the site. The L-Dex patient site (www.l-dex.com) is also another area I highly recommend shareholders review, for improving their understanding of the lymphoedema condition and the role of L-Dex® technology,” added Mr. Bridges.

“With a building list of publications, the body of evidence that supports the use of the L-Dex® U400, a bioimpedance spectroscopy device (BIS), is significant. This has led to the first professional debate, in the Journal of Lymphoedema, amongst key opinion leaders in the field, asking “if BIS was ready for prime time and if it is the new gold
standard?" The journal over the last year found it hard to find a position of dissent that BIS was the new gold standard and then challenged the field on when and how it goes about establishing a new standard," Mr Brown added.

Mr Brown went on to also say, “In addition to the professional debate, there has also been a wave of public debate in the US around lymphoedema and the need for more standardised objective metrics in aiding clinicians in clinically assessing lymphoedema. Last year saw a ‘Medicare Evidence Development and Coverage Advisory Committee’ (MEDCAC), and the need for standardised metrics was again highlighted from the panel due to the wide variations in the conflicting published data. The panel commented that the field of lymphoedema research could benefit from the possible creation of a registry, potentially Medicare supported, to unlock key questions around natural history. Based off this, the Company has focused over the past year on working with a key academic institution in the US to try and establish a Medicare sponsored US wide registry”.

The last fiscal year saw a number of significant advances for the Company, all building on its core strategic pillars, strategic pillars that should set the platform to help change medical practice globally, while helping to defend the franchise that the Company is targeting to establish. The next financial year will be a pivot year in establishing reimbursement and building key programs to capitalise on ImpediMed’s first to market advantage.

The Company update presentation to be delivered at today’s AGM is also attached to this release.

Greg Brown

ENDS
For further information contact:
Greg Brown ImpediMed CEO
T: 61-7-3860-3700; Mobile/Cell: +61408281127

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
ImpediMed Limited

Annual General Meeting

November 23rd 2010
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Executive Summary

- Designs, develops and sells medical devices to aid in the clinical assessment of lymphoedema

- Targeting to build its business on five key pillars
  1. **Identifying first to market opportunities**
     - addressing a large underserved medical need in lymphoedema
  2. **IP – trying to build protection in key areas**
     - patents, patent applications and trademarks in lymphoedema/oedema/BIS
  3. **Unique regulatory position**
     - first FDA cleared device with a lymphoedema aid to clinical assessment claim
  4. **Building reimbursement position**
     - technology specific category 3 CPT code for lymphoedema
  5. **Clinical /Economic validation**
     - ten years of peer review on clinical performance, plus recent health economics
Lymphoedema – Current Diagnosis is Often Too Late

- Presently diagnosed when patients has visible symptoms – at this point patient often has irreversible changes
- Successful treatment and potential prevention can occur through early detection and intervention
ImpediMed’s L-Dex® U400

- FDA cleared to aid in clinical assessment of unilateral arm of female breast cancer
- Unilateral claim only at present
**Business Model – Reimbursement Critical to Drive Model**

### Illustrative Device Economics

<table>
<thead>
<tr>
<th></th>
<th>Per Test (USD)</th>
<th>Per Annum (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reimbursement¹</td>
<td>$100</td>
<td>$115,200</td>
</tr>
<tr>
<td>Consumables</td>
<td>$45</td>
<td>$51,840</td>
</tr>
<tr>
<td>Net Clinic/Surgeon</td>
<td>$55</td>
<td>$63,360</td>
</tr>
</tbody>
</table>

¹ Reimbursement amount is what is targeted - indicative only

### Assumptions (based on primary target surgeon)

- Target list price per test USD 45
- Clinician enrols 8 patients per month
- Quarterly testing over the first three years
- Builds to annual test volume of 1,152 tests

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- Device placed in clinicians office free of charge, revenue from consumables per test
- Approximately 250 surgeons treat 20% of all breast cancer patients
- Top 2,000 US surgeons treat approximately 65%-70% of patients – likely ASBS member
- IPD estimates around 800 surgeons treat around 40% to 45% of all patients – primary target
Health Insurance coverage (covered lives) - Targeting Major Payers

1. **WellPoint**
   - Targeting a meeting with key Medical Directors for November 2010

2. **Humana**
   - Meetings have taken place & reviewing policies – advanced review

3. **UnitedHealth Group**
   - Targeting a meeting with key Medical Directors in early 2011

4. **Aetna**
   - No contact to date – targeting a meeting for January 2011

5. **BlueCross BlueShield Association**
   - HCSC, Highmark targeted – advanced review

6. **Cigna**
   - Targeting further meetings for first quarter 2011

7. **CMS**
   - Working on a Stanford Registry program
Stanford BIS Registry – Targeting Medicare Sponsorship

Medicare Evidence Development and Coverage Advisory Committee (MEDCAC)
- MEDCAC panel meeting – “clinical evidence for the diagnosis & treatment of secondary lymphoedema” (November 2009)
- Key note speaker - Dr Rockson (Stanford)
- Panel suggestions: need for a standardised metric & consider a Medicare sponsorship for better understanding natural history (arms/legs)

Stanford approaching society for supporting Medicare sponsored Stanford registry
- Dr Rockson - Stanford with major society support to coordinate surgeon participation into a registry
- negative control arm

Stanford Lymphoedema Registry – Medicare covers test costs, not costs for running the registry
- ImpediMed looking to fund through an unconditional grant
- Funding used for running and administering registry, and control arm participation

If successful, a Medicare sponsored, Stanford run patient registry, supported by a professional society, would further support the clinical evidence to support pre-emptive care while delivering Medicare coverage for testing for surgeons in the BIS arm of the registry
Review of progress

- Announcements
  - 106 L-Dex devices placed in the market – estimated 140 surgeons having access
  - BIS the new gold standard Nov. 2009 - rebuttal published in November 2010 JOL
  - Komen sponsored standard of care pilot for Dr Schonholz
  - ImpediMed Medical Director – announced Dr Taylor to the position
  - Unilateral leg FDA submission filed
  - Announced 4 PPO contracts – PPO members are not considered covered lives
    - All are on the miscellaneous code presently – need to change for Cat III code
    - Estimated payment presently calculated off miscellaneous code average payment
      1. National Preferred Provider Network - NPPN
      2. Three Rivers Provider Network
      3. Encore Health Network
      4. Integrated Health Plans - IHP
Review of Progress

- Website updates
  - ImpediMed website
    - Dr Rockson (Stanford)
    - Dr Whitacre (ASBS President),
    - Dr Whitworth (MedScape CME)
    - Dr McGarvey (formally of the NIH – key investigator - Cancer 2008)
  - www.L-Dex.com – patient website

- Key events started and ongoing
  - Stanford registry proposal to CMS with major society support
  - Started an independent US health economic model – November 2010
  - Avon Foundation support of BIS and pre-emptive care with payers
  - Working to establish recognised clinical guidelines
Lymphoedema in Breast Cancer: Update on Early Detection & Treatment

- Posted 6/23/10
  - Pat W. Whitworth, MD
  - 567 Hem/Onc MDs
  - 2,506 Surgeons
  - 1,499 Other MDs
  - 93 NPs
  - 583 Nurses
  - 207 PAs
  - 30 Pharmacists
  - 622 Other HCPs

Total Certificates issued: 1,357
Health Economic Model

- Commissioned the design of a health economic model
  - Hired IMS Intelligence Applied

- Economic Model of Routine Use of L-Dex® to Assist in Lymphedema Assessment in Post-Breast Cancer Patients
  - Model Results

- Completed in mid November 2010
Model Framework & Functionality

- Post-Surgery in Operable Breast Cancer Patients
  - L-Dex used in quarterly clinical assessments
    - Lymphedema (found early, treated)
      - Lymphedema is controlled
    - No Lymphedema found
      - Lymphedema progression, treatment
      - No Lymphedema
  - Current Standard quarterly clinical assessments
    - Lymphedema (found when clinical apparent, treated)
      - Lymphedema reduced, treatment continues
    - No Lymphedema found
      - Lymphedema progression
      - No Lymphedema
# Model Framework & Functionality

## Model Set-Up Data

<table>
<thead>
<tr>
<th>Comprehensive Inputs</th>
<th>Default Value</th>
<th>Custom Value</th>
<th>Current Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time horizon, years</td>
<td></td>
<td></td>
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<tr>
<td>Discount rate</td>
<td>3.00%</td>
<td></td>
<td>3.00%</td>
</tr>
</tbody>
</table>

## Population at Risk for Breast Cancer

- Total population, n: 307,006,550
- Female, %: 50.7%
- Over 18 years old, %: 75.7%
- Number of incident breast cancer cases: 192,370

## Breast Cancer Stages

- Localized, %: 61.0%
- Regional, %: 31.0%

## Plan-Specific Population Information

<table>
<thead>
<tr>
<th>Plan-Specific Population Information</th>
<th>Plan 1</th>
<th>Plan 2</th>
<th>Plan 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion of business, %</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>Total population per plan</td>
<td>92,101,065</td>
<td>92,101,065</td>
<td>92,101,065</td>
</tr>
<tr>
<td>Estimated population at risk</td>
<td>57,711</td>
<td>57,711</td>
<td>57,711</td>
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</tbody>
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## Budget Impact

- Budget Impact: $0 (201,022,067)

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Footnotes:

At 1 year, routine L-Dex® (at $600 per use) results in savings of ~$235M in the US population, for an overall savings of ($0.06)/member/month

- By year 3, this cost savings grows, to nearly $759M, or ($0.21)/member/month
- By year 5, the cost savings becomes nearly $2B, or ($0.49)/member/month

Please note – snapshot of base case only using self assessment
Model Results
Budget Impact Outcomes for Baseline Analysis: Interpretation

- L-Dex® assessments are more costly than the current standard, with a population difference of more than $448M ($0.12/member/month), but those costs are offset in the first year when accounting for:
  - The higher infection rate among those in the current standard model
  - The increased and more expensive treatment given to those with lymphedema in the current standard model
  - The excess treatment of those with non-lymphedema swelling under the current standard model (due to low specificity of self-report)

- Treatment and sequelae-related costs in the current standard model continually outstrip the difference in assessment costs

Please note – snapshot of base case only using self assessment
Model Results - Sensitivity Analysis: Cost of L-Dex Use – Base Case

- Cost of each L-Dex® assessment has a large effect on the overall budget impact of L-Dex®

  Results were most sensitive to cost, and over the changing time horizon, the cost savings due to L-Dex® grow continually; priced as high as $800-900, cost savings are less visible until after 3 years.

Please note – snapshot of base case only using self assessment
Model Results - Sensitivity Analysis: Incidence of Lymphedema

- Using the conservative circumference metric rather than perometry suggests that far fewer patients have incident lymphedema at any time point, and this alters the budget impact at 1 year
  - At 1 year, with lower incidence, the cost savings due to L-Dex® use is smaller, at just over $136M (($0.04)/member/month)
  - However, even if no lymphedema existed in the population, the model still finds cost savings at 1 year due to L-Dex® because of the excess treatment of non-lymphedema swelling when using Current Standard methods
## Estimated News Flow

<table>
<thead>
<tr>
<th>News Flow Pipeline:</th>
<th>2H10</th>
<th>1H11</th>
<th>2H11</th>
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<tbody>
<tr>
<td>Unilateral Leg Filing</td>
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<tr>
<td>Announcement of first coverage statement</td>
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<td>Expansion of sales team and managed care team</td>
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<td>Publish Category three code in AMA coding book</td>
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<tr>
<td>Announcement of 20 million covered lives</td>
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<tr>
<td>Registry announcement</td>
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<tr>
<td>GOG Clinical Trial for bilateral announced</td>
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<tr>
<td>FDA clearance of unilateral leg</td>
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<td>Announcement of 50 million covered lives</td>
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