

31 October 2011

ASX RELEASE

ASX ANNOUNCEMENT – APPENDIX 4C – QUARTER ENDED 30 September 2011

ImpediMed Limited (ASX:IPD) (the Group or the Company) is pleased to provide its Appendix 4C quarterly cash flow report (unaudited) for the quarter ended 30 September 2011.

ImpediMed CEO, Mr. Greg Brown said, “We have made significant strides in advancing key programs for reimbursement and for U.S. physician adoption of L-Dex[®] medical devices to aid in the clinical assessment of unilateral lymphoedema of the arms in females. We continue to drive the business forward through our focus on building further coverage for L-Dex testing. Widespread coverage, at good payment, is critical for driving shareholder value”.

The following are some highlights from the quarter:

- A major milestone was achieved - first US covered lives. We announced in July, 12 million covered lives from the federal health plan and the workers' compensation benefits program. In addition, we recently announced further coverage under the Group & Pension Administrators Inc (GPA), a prominent third party benefit administrator in the U.S. Southwest region.
- A strong start to the financial year with lymphoedema U.S. revenues, increasing 50% from L-Dex consumable sales (electrodes) compared to the same quarter in the previous year.
- The average selling price for L-Dex consumables in the U.S. is also up 20% over the same quarter the previous year. This increasing selling price is driven by building coverage and better than expected payment levels in regional areas of the U.S. market.
- At 30 September 2011, L-Dex placements in the U.S. marketplace were up to 164 devices, up 22 placements from the 142 as presented in the July 2011 market update.
- The *Avon Foundation for Women*, in partnership with the Lymphatic Research Foundation (LRF) and the National Lymphoedema Network (NLN) convened a group of leading scientists, clinicians and advocates in April 2011 to discuss recent advances in the early detection and early intervention of upper extremity lymphoedema. The expert panel produced several recommendations and a white paper was released on the Avon foundation for Women website in July 2011. The white paper, a summary and its call-to-action can be accessed under Programs and Events on the Avon Foundation website at www.avonfoundation.org/programs-and-events/lymphedema-information.html.
- The *Avon Foundation for Women* US press release called for pre-emptive care to be the standard of care for all breast cancer patients in the US market. It also endorsed in the release the use of L-Dex technology (BIS) in preemptive care models for patients. The press release can be found at <http://www.prnewswire.com/news-releases/expert-panel-issues-lymphedema-white-paper-calls-for-early-detection-and-intervention-to-reduce-lymphedema-progression-126271653.html>.

- A major critical review was published in September that for the first time looked at clinical end-points of lymphoedema for comparing the performance of L-Dex verses conventional volumetric methods. The article titled “Breast Cancer Related Arm Lymphoedema: Incidence Rates, Diagnostic Techniques, Optimal Management and Risk Reduction Strategies” supporting the use of L-Dex technology was published in the prestigious “Red Journal”. The article is available in the on-line version of the journal at: [www.redjournal.org/article/S0360-3016\(11\)02784-2/abstract](http://www.redjournal.org/article/S0360-3016(11)02784-2/abstract)).
- The AVON white paper, press release and Red Journal article are important to the Company as these groups (a U.S. national breast cancer advocate group and leading journal of scientific and health information) are instrumental in putting lymphoedema and its preemptive management on the U.S. healthcare agenda.

Cash Flow Report Commentary

Cash on hand as of 30 September 2011 was \$15.4 million as compared with \$17.9 million at 30 June 2011. Receipts from customers for the quarter and three months ending 30 September 2011 were \$0.8 million compared to \$1.0 million in the previous quarter ended 30 June 2011 and \$1.0 million for the period ending 30 September 2010.

Net cash used in operations for the quarter was \$3.3 million compared to \$2.7 million cash used in the previous quarter ended 30 June 2011. The increase in net cash used from the previous quarter relates to an increase in payments to employees and increased expenditures for the UB500 commercialisation.

Sales from the industrial test and measurement (T&M) and body composition (BC) products are capital in nature. These sales were down for the quarter as they are traditionally impacted by broader market confidence and downturns.

“Our core business in lymphoedema, which is our main shareholder value driver, was up significantly by 50%. As the business builds coverage for L-Dex testing, any downturns impacting T&M and BC sales should become less relevant. We have had a successful start to the new financial year with strong L-Dex device placements and revenues in the U.S. market and ImpediMed continues to progress toward building further covered lives,” said Mr. Brown.

Greg Brown
CEO

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.

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.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

ImpediMed Limited

ABN

65 089 705 144

Quarter ended ("current quarter")

30 September 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (three months) \$A'000
1.1 Receipts from customers	844	844
1.2 Payments for (a) staff costs	(1,644)	(1,644)
(b) advertising and marketing	(144)	(144)
(c) research and development	(663)	(663)
(d) leased assets	(7)	(7)
(e) other working capital	(2,098)	(2,098)
1.3 Dividends received	0	0
1.4 Interest and other items of a similar nature received	91	91
1.5 Interest and other costs of finance paid	0	0
1.6 Income taxes paid	0	0
1.7 Other (provide details if material)	311	311
Net operating cash flows	(3,310)	(3,310)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (twelve months) \$A'000
1.8 Net operating cash flows (carried forward)	(3,310)	(3,310)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)	0	0
(b) equity investments	0	0
(c) intellectual property	(24)	(24)
(d) physical non-current assets	0	0
(e) other non-current assets	0	0
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	0	0
(b) equity investments	0	0
(c) intellectual property	0	0
(d) physical non-current assets	0	0
(e) other non-current assets	0	0
1.11 Loans to other entities	0	0
1.12 Loans repaid by other entities	0	0
1.13 Other (provide details if material)	0	0
Net investing cash flows	(24)	(24)
1.14 Total operating and investing cash flows	(3,334)	(3,334)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	0	0
1.16 Proceeds from sale of forfeited shares	0	0
1.17 Proceeds from borrowings	0	0
1.18 Repayment of borrowings	0	0
1.19 Dividends paid	0	0
1.20 Other (provide details if material)	0	0
Net financing cash flows	0	0
Net increase (decrease) in cash held	(3,334)	(3,334)
1.21 Cash at beginning of quarter/year to date	17,899	17,899
1.22 Exchange rate adjustments to item 1.20	882	882
1.23 Cash at end of quarter	15,447	15,447

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	325
1.25	Aggregate amount of loans to the parties included in item 1.11	0

1.26 Explanation necessary for an understanding of the transactions

Item 1.7: Receipt of ATO R&D tax credit refund and royalty payment.

Item 1.20: Other cash flow movements related to financing activities consists of capital raising costs.

Item 1.24: Payments to directors consist of Directors' salaries and the Directors' fees for the quarter, including superannuation and payments to a consultant who is related to the CEO. This excludes any amounts that were unpaid as at the end of the quarter.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	---	---

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

3.2 Credit standby arrangements	---	---
---------------------------------	-----	-----

+ See chapter 19 for defined terms.

Reconciliation of cash

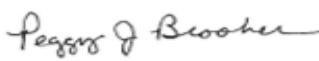
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	1,243	2,667
4.2 Deposits at call	14,204	15,232
4.3 Bank overdraft	0	0
4.4 Other (provide details)	0	0
Total: cash at end of quarter (item 1.23)	15,447	17,899

Acquisitions and disposals of business entities

		Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1	Name of entity	N/A	N/A
5.2	Place of incorporation or registration	N/A	N/A
5.3	Consideration for acquisition or disposal	N/A	N/A
5.4	Total net assets	N/A	N/A
5.5	Nature of business	N/A	N/A

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  _____ Date: 31 October 2011
(Director/Company secretary)

Print name: Peggy Brooker
Chief Financial Officer

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.