



24 February 2016

ASX ANNOUNCEMENT

APPENDIX 4D – Half-Year Results Ended 31 December 2015

Brisbane, Australia - ImpediMed Limited (ASX: IPD) a global provider of medical technology to measure, monitor and manage fluid status and body composition, is pleased to provide its Appendix 4D and reviewed financial results for the half-year ended 31 December 2015.

Financial summary of the first half of financial year 2016 for ImpediMed:

- Revenue, excluding finance income, for the half-year ended 31 December 2015 was \$2.7 million – an increase of 30% over the previous corresponding period.
- Lymphoedema revenue for the period was \$1.4 million – an increase of 81% over the previous corresponding period.
- Net cash flows used in operating activities increased to \$9.1 million in the half-year compared to \$4.1 million for the previous corresponding period, as the company added sales and marketing personnel and activities in preparation for the full US commercial launch of L-Dex®.
- Total comprehensive loss for the period was \$9.7 million versus \$4.6 million in the previous corresponding period.
- Cash balance at 31 December 2015 of \$25.2 million, versus \$32.6 million at 30 June 2015.
- On 9 February 2016, announced a two tranche \$75 million Private Placement, and on 16 February 2016 completed Tranche 1 with gross proceeds of approximately \$41.9 million.

Highlights for the first half of financial year 2016 include:

- Lymphoedema management being included in NCCN Guidelines® for Breast Cancer for the first time.
- Completed successful commercial pilot launch of L-Dex in six US cancer centres.
- Enrolment of post market clinical trial continues on track.
- Commenced full US commercial launch of L-Dex for lymphoedema, including scale up of sales staff and clinical support team.
- Lymphoedema included in the first American Cancer Society (ACS) / American Society of Clinical Oncology (ASCO) Breast Cancer Survivorship Care guidelines.
- Acquired key assets and intellectual property from Intersection Medical Incorporated related to the field of heart failure.
- Agreement established with prestigious Harvard Clinical Research Institute, Dr. Laura Mauri, MD, MSc, Chief Scientific Adviser, on how to best incorporate BIS in fluid monitoring and management of heart failure patients.

Richard Carreon, Managing Director and CEO, stated "We are progressing well with the US commercialisation, which commenced in December. Several target accounts are already on-boarded. The inclusion of lymphoedema in major US cancer guidelines and the progress of the post approval clinical trial for lymphoedema position us well for success. I am very pleased with the rapid progress we are making in our heart failure opportunity, and we look forward to continuing these development efforts in the second-half of the financial year."

- ENDS -

Richard Carreon
Managing Director & CEO

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About ImpediMed

Founded and headquartered in Brisbane, Australia with U.S. offices in Carlsbad, Calif., ImpediMed 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 in patients. ImpediMed has the first medical device with FDA clearance in the U.S. to aid healthcare professionals to clinically assess secondary unilateral lymphedema of the arm and leg in women and the leg in men. For additional information, visit www.impedimed.com.

For more information, visit: www.impedimed.com.au

ImpediMed Limited

ABN 65 089 705 144

Appendix 4D

for the half-year ended 31 December 2015
(previous corresponding period : half-year ended 31 December 2014)

The information contained in this document should be read in conjunction with the financial statements for the year ended 30 June 2015 and any public announcements made by ImpediMed Limited and its controlled entities during the interim reporting period in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

Results for announcement to the market			
	Current period \$000	Previous corresponding period \$000	\$000
2.1 Revenue from ordinary activities	2,735	2,110	
Increase in revenue:			625
Percentage increase:			30%
2.2 Loss from ordinary activities after tax attributable to members	(11,215)	(6,122)	
Increase in loss from ordinary: activities after tax attributable to members			(5,093)
Percentage change:			(83%)
2.3 Net loss for the period attributable to members	(11,215)	(6,122)	
Increase in net loss for the period attributable to members:			(5,093)
Percentage change:			(83%)
2.4 Dividends	NIL	NIL	
There were no dividends declared and paid during the half year on ordinary shares. There were no dividends proposed and not yet recognised as a liability during the half year.			
2.5 Dividend Record Date	Not applicable		
2.6 Explanation of operating performance	Refer to the operating and financial review in the Directors' Report of the Financial Report for the current reporting period.		

3	Net tangible assets per ordinary security		
		Current period	Previous corresponding period
Net tangible assets (\$000)		\$ 24,122	\$ 37,973
Issued share capital at reporting date (\$000)		\$ 147,583	\$ 147,360
Number of shares on issue at reporting date		293,752,367	293,118,458
Net tangible assets per ordinary security		\$ 0.08	\$ 0.13

4	Acquisitions and divestments
4.1 There were no entities over which control has been gained or lost during the current reporting period.	
4.2 Not applicable	
4.3 Not applicable	

5	Details of dividends
There were no dividends paid during the period, or payable at 31 December 2015.	

6	Dividend Reinvestment Plans
The Company has no dividend reinvestment plan.	

7	Associates and joint ventures
There are no equity accounted associates and joint venture entities.	

8	Accounting standards
The financial report for the group has been prepared in accordance with Australian Equivalents to International Financial Reporting Standards.	

9	Auditors' review report
The review report prepared by the independent auditor Ernst & Young is not subject to any dispute or qualification, and is provided with the half year financial statements.	



FINANCIAL REPORT

ABN 65 089 705 144

For the half-year ended 31 December 2015

CORPORATE INFORMATION

ABN: 65 089 705 144

This financial report covers the consolidated entity comprising ImpediMed Limited (the “Parent” or “Company”) with its wholly-owned subsidiaries (the “Group”). The Parent’s functional and presentation currency and the Group’s presentation currency is the Australian dollar (AUD or \$). A description of the Group’s operations and of its principal activities is included in the operating and financial review in the Directors’ Report. The Directors’ Report is not part of the financial report.

DIRECTORS

NON-EXECUTIVE DIRECTORS

C Hirst AO, Chairman

D Adams

J Hazel

M Panaccio

S Ward

MANAGING DIRECTOR

R Carreon, Managing Director and CEO

COMPANY SECRETARY

L Ralph

REGISTERED OFFICE

Unit 1, 50 Parker Court

Pinkenba QLD 4008

PRINCIPAL PLACES OF BUSINESS

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WEBSITE AND SOCIAL MEDIA

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SHARE REGISTER

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Phone: +61 7 3320 2200

ImpediMed Limited shares are listed on the Australian Securities Exchange (ASX): ASX code “IPD”.

SOLICITORS

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Sheppard Mullin Richter & Hampton LLP

12275 El Camino Real, Suite 200

San Diego CA 92130-2006 USA

BANKERS

Commonwealth Bank of Australia

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Brisbane QLD 4000

Bank of America

450 B Street, Suite 1500

San Diego CA 92101-8001 USA

AUDITORS

Ernst & Young

Level 51, 111 Eagle Street

Brisbane QLD 4000

REMUNERATION ADVISORS TO THE BOARD OF DIRECTORS

KPMG

147 Collins Street

Melbourne, VIC 3000

David Ness

18811 Mescalero Drive

Rio Verde AZ 85263 USA

DIRECTORS' REPORT

Your Directors submit their report together with the consolidated interim financial report for ImpediMed Limited for the half-year ended 31 December 2015.

DIRECTORS

The names and details of the Parent's Directors (the "Board") in office during the half-year and until the date of this report are outlined below. Directors were in office for this entire period unless otherwise stated.

Cherrell Hirst AO, FTSE, MBBS, BEdSt, DUniv, FAICD — Non-executive Chairman

David Adams, Juris Doctorate, BSc — Non-executive Director

Jim Hazel, BEc, SF Fin, FAICD — Non-executive Director

Michael Panaccio, PhD, MBA, BSc (Hons), FAICD — Non-executive Director

Scott R. Ward, MS, BSc — Non-executive Director

Richard Carreon — Managing Director and CEO

OPERATING AND FINANCIAL REVIEW

GROUP OVERVIEW

ImpediMed Limited was founded in Brisbane, Australia in October 1999, and was listed on the ASX on 24 October 2007.

The Group consists of three entities:

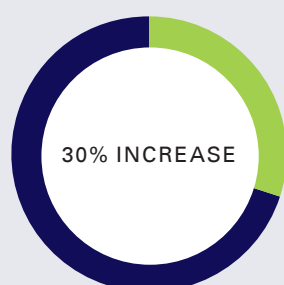
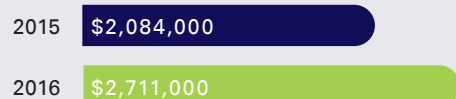
- ImpediMed Limited, the Parent company operating in medical markets in regions outside North America; incorporated in 1999 and listed on the ASX on 24 October 2007.
- ImpediMed, Inc, a Delaware corporation operating in medical markets in North America.
- XiTRON Technologies, Inc, a California corporation operating in power test and measurement markets globally. XiTRON Technologies, Inc was acquired by ImpediMed Limited on 1 October 2007.

PRINCIPAL ACTIVITIES

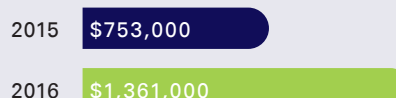
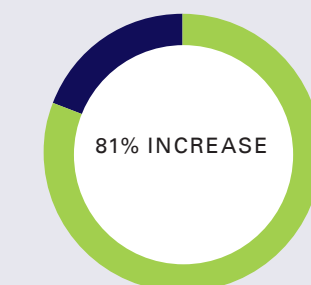
The principal activities of the Group during the year were the development, manufacture and sale of bioimpedance instruments and consumables and the sale of electronic test and measurement devices.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

REVENUE RELATED TO GOODS AND SERVICES



LYMPHOEDEMA REVENUE



OPERATING RESULTS FOR THE PERIOD

Total comprehensive loss for the period was \$9.7 million (31 December 2014: \$4.6 million). The loss from continuing operations after income tax for the period was \$11.2 million (31 December 2014: \$6.1 million). The increased loss, when compared with the prior year, is primarily attributed to an increase in sales related expenses as the Group prepared for the full commercial launch of L-Dex® in the US.

The Group reported revenue growth from the previous corresponding period across both cash generating units. In the Medical segment, Lymphoedema revenue increased by 81%. In the Test & Measurement (T&M) segment, revenue increased by 9%.

Revenue related to goods and services for the current period were \$2.7 million (31 December 2014: \$2.1 million), an increase of \$0.6 million, or 30%, from the previous corresponding period. The change by operating segment was a \$0.5 million increase in Medical and a \$0.1 million increase in Test & Measurement. The \$0.5 million increase in the Medical segment was due to a \$0.1 million decrease in body composition and veterinary products, while total lymphoedema product revenue increased by \$0.6 million, or an overall increase in medical of 47% from the previous corresponding period.

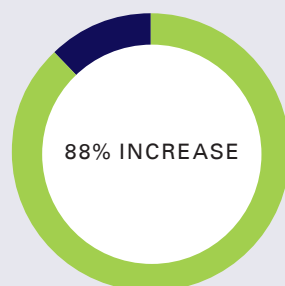
Cost of sales for the current period were \$0.7 million (31 December 2014: \$0.6 million). The increase in cost of sales is largely consistent with the increase in revenue during the period. In the medical segment, there was an increase in gross margin as a larger portion of revenue stemmed from the sale of consumables, which carry a higher gross margin. This was offset by higher Test & Measurement revenue, which typically has a lower gross margin.

During the period, the Group sold its products through a mix of employed sales reps and independent distributors. In the US lymphoedema market, the Group has an employed, direct sales force that focuses on the sale of the L-Dex U400® and its associated patient assessments.

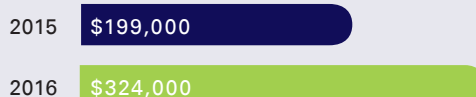
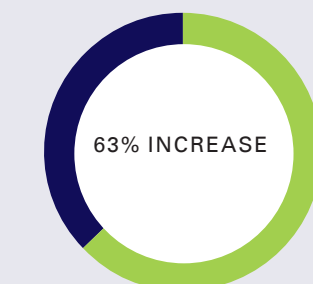
OPERATING AND FINANCIAL REVIEW (CONTINUED)

LYMPHOEDEMA REVENUE

CONSUMABLE REVENUE



DEVICE REVENUE



OPERATING RESULTS FOR THE PERIOD (CONTINUED)

Expenses for the period were \$13.2 million (31 December 2014: \$7.8 million). The major movements in expenses between the periods are noted below. A secondary component in the increase in expense related to the movement in the exchange rate. The average exchange rate for the reporting period was US dollar (USD) 0.720 to Australian dollar (AUD) \$1.00. For the six-month period ending 31 December 2014 it was USD 0.881 to AUD \$1.00. During the period, the Group incurred an unrealised mark-to-market foreign currency translation gain of \$76,000 (31 December 2014: \$14,000 gain).

Salaries and benefits expense for the current period was \$6.5 million (31 December 2014: \$4.0 million), an increase of 61%. The employee headcount at the end of the period was 49 (31 December 2014: 40). Salaries and benefits increased during the period primarily due to the expansion of the US-based sales team, as the Group prepared for the full commercial launch of L-Dex in the US marketplace, and increases in salaries to existing employees (based on market conditions).

Research and development expenses increased to \$1.4 million (31 December 2014: \$0.3 million), an increase of 413%. During the current financial year the Group expanded its work on next generation devices and continued its progress in the post-approval clinical trial for L-Dex. As of the beginning of the current financial year the Group had added six major cancer centres to the trial, with enrolment underway in all six centres.

Consultants and professional fees increased to \$1.8 million (31 December 2014: \$0.9 million), an increase of 85%. The increase in the current period was primarily due to additional patent and license fees, as part of the Group's expansion of its Intellectual Property portfolio. In addition, the increase was a result of utilising additional consultants as part of the targeted launch for commercialisation of L-Dex in the US.

OPERATING AND FINANCIAL REVIEW (CONTINUED)



US COMMERCIAL LAUNCH OF L-DEX UNDERWAY



ANNOUNCED MEDICAL ADVISORY BOARD FOR CHRONIC HEART FAILURE [ESTABLISHED JANUARY 2016]

OPERATING RESULTS FOR THE PERIOD (CONTINUED)

Advertising and promotion expenses decreased to \$0.4 million (31 December 2014: \$0.6 million), a decrease of 34%. Included in the prior period was a one-time expense related to a market research study. The prior period expense, net of the market research study, was \$0.3 million, or an increase in the current financial year of 36%. The increase was due to increased presence at trade-shows and marketing events in the US in preparation for the targeted launch.

During the year, L-Dex was featured in presentations at a number of events, following on from lymphoedema being acknowledged on both the ACS/ASCO Breast Cancer Survivorship Care Guidelines and the National Comprehensive Cancer Network® (NCCN®) Clinical Practice Guidelines® In Oncology during the current financial year. The presentations highlighted significant recent advances made in the early detection of lymphoedema, and the role that L-Dex can play in improving patient outcomes.

Travel expense increased to \$0.8 million (31 December 2014: \$0.5 million), an increase of 53%. The increase in the current period occurred in conjunction with the Group expansion of the US sales team as part of the US commercialisation project.

In addition, the non-cash expense of share-based payments increased to \$1.3 million (31 December 2014: \$0.5 million), an increase of 158%. A portion of the increase related to option and performance right grants issued to executives and new hires during the current financial year. A primary cause of the increase stemmed from the increased share price over the comparative periods and its effect on the Black Scholes fair value valuations for current year grants.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

REVIEW OF FINANCIAL CONDITION — LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents were \$25.2 million at 31 December 2015 (30 June 2015: \$32.6 million). Net cash used in operating activities for the period was \$9.1 million compared to \$4.1 million for the six months ending 31 December 2014. The increase in spend primarily related to the targeted launch and the commercialisation of the L-Dex U400 in the US market, as the Group ramped up expenses for US sales personnel and other marketing related endeavours.

The Group maintains a significant portion of available funds in US dollars to match US dollar expenditure needs. The loss from continuing operations for the period before income tax includes a realised foreign exchange loss arising from the operating expenses in the US. The spot exchange rate for the beginning and end of the reporting period was AUD \$1.00 to USD \$0.766 and USD \$0.720, respectively. The spot exchange rate for the beginning and end of the comparative period was AUD \$1.00 to USD \$0.942 and USD \$0.816, respectively.

CASH AND CASH EQUIVALENTS



2015 **\$32.6 Million**

2016 **\$25.2 Million**

NET CASH USED IN OPERATING ACTIVITIES



2015 **\$4.1 Million**

2016 **\$9.1 Million**

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 11 January 2016, ImpediMed announced that it entered into agreements to establish a Medical Advisory Board to advise the Company on the design of clinical trials for the use of bioimpedance spectroscopy in fluid detection for chronic heart failure patients.

The Medical Advisory Board will work closely with Laura Mauri, MD, MSc, Chief Scientific Adviser at the Harvard Clinical Research Institute and Professor of Medicine at Harvard Medical School.

Medical Advisory Board members include:

- Paul Friedman, MD, Vice Chair, Department of Cardiovascular Medicine, Medical Director, Remote Monitoring, Mayo Clinic
- Roy Small, MD, FACC, FSCAI, Medical Director of Clinical Research, Heart Failure Clinic, Lancaster General Hospital
- J. Thomas Heywood, MD, Director, Heart Failure Recovery and Research Program, Scripps Health
- Andrew Accardi, MD, Chairman of Emergency Medicine, Scripps Memorial Hospital Encinitas

On 9 February 2016, ImpediMed announced a two tranche, \$75 million Private Placement ("Placement") at an issue price of \$0.95 per share, as well as a \$7.5 million Share Purchase Plan. The shares offered under the Share Purchase Plan will be offered at the same issue price as the Placement shares.

The funds raised from the Placement will be primarily used by the Company to:

- expand sales and marketing activities for L-Dex;
- allow for balance sheet flexibility and working capital expansion to drive additional L-Dex growth in both the US and international markets; and
- pursue the Chronic Heart Failure ("CHF") business, including by completing the 510(k) process and conducting and completing a clinical trial in CHF to position the Company with clinical data in support of a future product launch in CHF; and
- provide for balance sheet strength in the context of high levels of commercial and corporate inquiry being generated by the Company.

Canaccord Genuity (Australia) Limited acted as sole lead manager and bookrunner for the Placement.

CORPORATE GOVERNANCE

On 27 March 2014, the ASX Corporate Governance Council (CGC) released the third edition of their corporate governance principles and recommendations, including ASX listing rule 4.10.3.

Details of ImpediMed's corporate governance policies and procedures, including information about Board Committees and Corporate Charters, can be found on the Group's website under the Investors section:

<http://investors.impedimed.com/about/corporate-governance/>

ROUNDING OF AMOUNTS

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable and where noted (\$000)) under the option available to the Group under ASIC CO 98/100. The Group is an entity to which the Class Order applies.

AUDITORS' INDEPENDENCE DECLARATION AND NON-AUDIT SERVICES

The directors append to the directors' report the following declaration from our auditors, Ernst & Young.

Signed in accordance with a resolution of the directors.



Cherrell Hirst AO
Chairman



Jim Hazel
Director

Brisbane, 24 February 2016

Auditor's Independence Declaration to the Directors of ImpediMed Limited

As lead auditor for the review of ImpediMed Limited for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of ImpediMed Limited and the entities it controlled during the financial period.



Ernst & Young



Kellie McKenzie
Partner
24 February 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Notes	31 DEC 2015 \$000	31 DEC 2014 \$000
CONTINUING OPERATIONS			
Sale of goods	5	2,580	1,971
Rendering of services		131	113
Finance income	5	24	26
Revenue		2,735	2,110
Cost of goods sold		(712)	(592)
GROSS PROFIT		2,023	1,518
Other income / (expense)	6	(1)	130
Salaries and benefits	7	(6,510)	(4,049)
Consultants and professional fees	7	(1,756)	(947)
Advertising and promotion	7	(365)	(557)
Clinical trials and Research & development	7	(1,365)	(266)
Travel expenses		(769)	(503)
Rent and property expenses		(151)	(115)
IT and other expenses		(211)	(122)
Administrative and governance		(722)	(634)
Depreciation and amortisation	7	(85)	(72)
Share-based payments	12	(1,303)	(505)
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAX		(11,215)	(6,122)
Income tax		–	–
LOSS FROM CONTINUING OPERATIONS AFTER INCOME TAX		(11,215)	(6,122)
NET LOSS FOR THE PERIOD		(11,215)	(6,122)
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified to profit or loss:</i>			
Foreign currency translations		1,487	1,555
OTHER COMPREHENSIVE GAIN FOR THE PERIOD, NET OF TAX		1,487	1,555
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(9,728)	(4,567)
		2015	2014
		\$	\$
Basic and diluted loss per share	2	(0.04)	(0.03)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2015

	Notes	AS AT 31 DEC 2015 \$000	AS AT 30 JUNE 2015 \$000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	25,152	32,582
Trade and other receivables		630	633
Inventories		1,558	1,638
Other current assets		356	265
TOTAL CURRENT ASSETS		27,696	35,118
NON-CURRENT ASSETS			
Other financial assets		69	93
Property and equipment	9	340	298
Intangible assets	10	37	40
Goodwill	10	2,487	2,368
TOTAL NON-CURRENT ASSETS		2,933	2,799
TOTAL ASSETS		30,629	37,917
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		2,138	1,462
Provisions		1,736	1,514
TOTAL CURRENT LIABILITIES		3,874	2,976
NON-CURRENT LIABILITIES			
Provisions		109	104
TOTAL NON-CURRENT LIABILITIES		109	104
TOTAL LIABILITIES		3,983	3,080
NET ASSETS		26,646	34,837
EQUITY			
Issued capital	11	147,583	147,349
Reserves		13,949	11,159
Accumulated losses		(134,886)	(123,671)
TOTAL EQUITY		26,646	34,837

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Notes	31 DEC 2015 \$000	31 DEC 2014 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST and US sales tax)		2,863	2,038
Payments to suppliers and employees (inclusive of GST and US sales tax)		(12,026)	(6,333)
Interest received		28	23
Other receipts		–	129
NET CASH FLOWS USED IN OPERATING ACTIVITIES		(9,135)	(4,143)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(32)	(118)
Proceeds from the sale of property and equipment		–	–
Purchase of intangible assets		–	–
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(32)	(118)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		259	32,618
Transaction costs from capital raising		(9)	(1,877)
Other proceeds from financing activities		–	–
NET CASH FLOWS FROM FINANCING ACTIVITIES		250	30,741
Net increase (decrease) in cash and cash equivalents		(8,917)	26,480
Net foreign exchange differences		1,487	949
Cash and cash equivalents at beginning of period		32,582	10,812
CASH AND CASH EQUIVALENTS AT END OF PERIOD	8	25,152	38,241

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Notes	ISSUED CAPITAL \$000	SHARE RESERVES \$000	FOREIGN CURRENCY TRANSLATION RESERVE \$000	RESERVES \$000	ACCUMULATED LOSSES \$000	TOTAL \$000
AT 1 JULY 2014		116,593	5,862	(49)	5,813	(108,874)	13,532
Loss for the period						(6,122)	(6,122)
Other comprehensive income	6			1,555	1,555		1,555
Total comprehensive loss for the period		–	–	1,555	1,555	(6,122)	(4,567)
EQUITY TRANSACTIONS:							
Share-based payment			505		505		505
Allotment of ordinary shares		32,618					32,618
Costs of capital raising		(1,851)					(1,851)
AT 31 DECEMBER 2014		147,360	6,367	1,506	7,873	(114,996)	40,237
AT 1 JULY 2015		147,349	7,665	3,494	11,159	(123,671)	34,837
Loss for the period						(11,215)	(11,215)
Other comprehensive loss	6			1,487	1,487		1,487
Total comprehensive loss for the period		–	–	1,487	1,487	(11,215)	(9,728)
EQUITY TRANSACTIONS:							
Share-based payment			1,303		1,303		1,303
Allotment of ordinary shares		245					245
Costs of capital raising		(11)					(11)
AT 31 DECEMBER 2015		147,583	8,968	4,981	13,949	(134,886)	26,646

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

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1. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

CORPORATE INFORMATION

The consolidated financial statements of ImpediMed Limited for the six months ended 31 December 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 24 February 2016.

ImpediMed Limited is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange. The nature of the operations and principal activities of the Group are described in the Directors' Report.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

BASIS OF PREPARATION

The interim consolidated financial statements ("financial report") for the half-year ended 31 December 2015 have been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2015 and considered together with any public announcements made by the Group during the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations of the ASX listing rules.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

CHANGES IN ACCOUNTING POLICIES, ACCOUNTING STANDARDS AND INTERPRETATIONS

The Group has adopted the following new and amended Australian Accounting Standards and AASB interpretations as of 1 July 2015. The adoption of these Accounting Standards did not have a material impact on the Group's interim consolidated financial statements.

- *AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*
- *AASB 2014-1 Part A – Annual Improvements 2010-2012 Cycle*
- *AASB 2014-1 Part A – Annual Improvements 2011-2013 Cycle*

1. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (CONTINUED)

CHANGES IN ACCOUNTING POLICIES, ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

Accounting standards and interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the half-year reporting period ended 31 December 2015. The Group is yet to assess the impact of IFRS 16, AASB 15 and AASB 9. These standards and interpretations are outlined in the table below:

REFERENCE	TITLE	APPLICATION DATE OF STANDARD*	APPLICATION DATE FOR GROUP*
AASB 9	Financial Instruments	1 January 2018	1 July 2018
AASB 15	Revenue from Contracts with Customers	1 January 2018	1 July 2018
AASB 2015-1	Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	1 January 2016	1 July 2016
AASB 2015-2	Disclosure Initiative: Amendments to AASB 101	1 January 2016	1 July 2016
AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	1 July 2015	1 July 2015
IFRS 16	Leases	1 January 2019	1 July 2019

* Designates the beginning of the applicable annual reporting period.

1. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (CONTINUED)

GOING CONCERN

The going concern basis of accounting contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities. This report adopts the going concern basis.

The Group has realised a loss after income tax of \$11.2 million for the half-year ended 31 December 2015 (31 December 2014: \$6.1 million) and net operating cash outflow of \$9.1 million for the half-year ended 31 December 2015 (31 December 2014: \$4.1 million).

The Directors believe that the Group continues to be a going concern and that it will be able to pay its debts as and when they fall due for a period in excess of 12 months from the date of signing this report due to the following:

- (i) As at 31 December 2015, the Group had net assets of \$26.6 million (30 June 2015: \$34.8 million). At the same date, the market capitalisation of ImpediMed Limited was \$346.6 million (30 June 2015: \$253.4 million) and current assets of the Group exceeded current liabilities by a ratio of 7.2 : 1 (30 June 2015: 11.8 : 1).
- (ii) The Group had cash at its disposal of \$25.2 million at 31 December 2015 (30 June 2015: \$32.6 million) and had no borrowings from banks or other financial institutions at 31 December 2015 (31 December 2014: nil).
- (iii) On 9 February 2016, the Group announced a two-tranche, \$75,000,000 Private Placement at an issue price of \$0.95 per share. Tranche 1 was completed on 16 February 2016, resulting in the issuance of 44,062,855 fully paid ordinary shares and gross proceeds of \$41,859,712.
- (iv) The Group has the ability to vary certain expenditures; therefore cash outflows can be adjusted.
- (v) The operating plans have been set such that cash on hand at the date of signing is expected to last in excess of 12 months from the date of issue of the financial report.

On this basis the directors believe that the going concern basis of presentation is appropriate. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

2. EARNINGS PER SHARE (EPS)

The following reflects the net loss attributable to ordinary equity holders and the weighted average number of ordinary shares used in the calculations of basic earnings per share (in thousands except for share data):

	31 DEC 2015 \$000	31 DEC 2014 \$000
Net loss used in calculating basic and diluted earnings per share	(11,215)	(6,122)
	No.	No.
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	293,396,210	244,143,237
	\$	\$
Basic and diluted loss per share	(0.04)	(0.03)

On 16 February 2016, the Group announced the completion of Tranche 1 of a Private Placement, resulting in the issuance of 44,062,855 fully paid ordinary shares. The basic and diluted loss per share would have been \$(0.03) had these additional shares been outstanding as of the reporting date.

Diluted EPS is calculated by taking the net loss attributable to ordinary equity holders and dividing it by the sum of the weighted average number of ordinary shares and the weighted average number of convertible instruments. For the current period ended 31 December 2015, diluted EPS is equal to basic EPS as the Group is currently in a loss position and any conversion of instruments to ordinary shares would have an antidilutive effect on earnings per share.

As of the end of current period there were 28,774,538 (30 June 2015: 26,442,207) options and 2,760,000 (30 June 2015: 2,260,000) performance rights on issue.

3. DIVIDENDS PAID AND PROPOSED

There were no dividends paid or proposed during the current reporting period or in the prior corresponding period.

4. SEGMENT REPORTING

The following table presents revenue and profit information for reportable segments for the half-years ended 31 December 2015 and 31 December 2014.

During the half year, the Chief Executive Officer, who is the Chief Operating Decision Maker, continued reviewing the business revenue information categorised by the Group's three product lines: Lymphoedema ("LY") and Body Composition ("BC") in the medical segment and the Test & Measurement ("T&M") segment. This reporting is consistent with the prior half-year financial report.

HALF-YEAR ENDED 31 DECEMBER 2015

	MEDICAL			T&M \$000	TOTAL \$000
	LY \$000	BC \$000	TOTAL MEDICAL \$000		
REVENUE					
Consumable and operating lease revenue	1,029	67	1,096	12	1,108
Device revenue	324	250	574	898	1,472
Rendering of services	8	14	22	109	131
TOTAL SEGMENT REVENUE	1,361	331	1,692	1,019	2,711
Unallocated revenue – finance income					24
TOTAL CONSOLIDATED REVENUE					2,735

HALF-YEAR ENDED 31 DECEMBER 2014

	MEDICAL			T&M \$000	TOTAL \$000
	LY \$000	BC \$000	TOTAL MEDICAL \$000		
REVENUE					
Consumable and operating lease revenue	548	57	605	2	607
Device revenue	199	326	525	839	1,364
Rendering of services	6	13	19	94	113
TOTAL SEGMENT REVENUE	753	396	1,149	935	2,084
Unallocated revenue – finance income					26
TOTAL CONSOLIDATED REVENUE					2,110

SEGMENT ASSETS

The following table presents segment assets of the Group's operating segments as at 31 December 2015 and 30 June 2015.

	MEDICAL \$000	T&M \$000	TOTAL \$000
AT 31 DECEMBER 2015			
SEGMENT ASSETS	29,260	1,369	30,629
AT 30 JUNE 2015			
SEGMENT ASSETS	36,304	1,613	37,917

4. SEGMENT REPORTING (CONTINUED)

ADJUSTMENTS AND ELIMINATIONS

Finance income and finance costs are not allocated to individual segments as the underlying instruments are managed on an overall Group basis. These are included in adjustments and eliminations in the segment disclosures:

HALF-YEAR ENDED 31 DECEMBER 2015	MEDICAL \$000	T&M \$000	TOTAL \$000
RESULTS			
Segment result	(11,099)	(55)	(11,154)
Income tax expense	–	–	–
NET ALLOCATED LOSS FOR THE PERIOD	(11,099)	(55)	(11,154)
Unallocated results (finance income less costs)			24
Depreciation and amortisation			(85)
NET LOSS FOR THE PERIOD			(11,215)

HALF-YEAR ENDED 31 DECEMBER 2014	MEDICAL \$000	T&M \$000	TOTAL \$000
RESULTS			
Segment result	(6,268)	193	(6,075)
Income tax expense	–	–	–
NET ALLOCATED LOSS FOR THE PERIOD	(6,268)	193	(6,075)
Unallocated results (finance income less costs)			25
Depreciation and amortisation			(72)
NET LOSS FOR THE PERIOD			(6,122)

5. REVENUE

	2015 \$000	2014 \$000
SALE OF GOODS		
Consumable and lease revenue	1,108	607
Device revenue	1,472	1,364
	2,580	1,971
FINANCE INCOME		
Interest income – bank deposits	24	26
	24	26

6. OTHER INCOME

	2015 \$000	2014 \$000
R&D tax incentive (i)	–	130
Gain / (loss) on asset disposals	(1)	–
	(1)	130

- (i) During the prior financial year the Group received payment for a research & development (R&D) tax credit under the AusIndustry R&D Tax Incentive program. The program is a broad-based entitlement program that aims to promote innovation within Australia for eligible R&D activities. The Group is expecting to receive an additional tax credit in the second half of the current financial year.

7. EXPENSES

SALARIES AND BENEFITS

	2015 \$000	2014 \$000
Wages and salaries	4,152	2,509
Performance & sales incentives	1,938	1,221
Superannuation	142	81
Annual leave & long service leave	75	68
Other employee benefits	203	170
SUB-TOTAL SALARIES AND BENEFITS	6,510	4,049
Share-based payments to employees	1,292	498
TOTAL SALARIES AND BENEFITS	7,802	4,547

CONSULTING AND PROFESSIONAL FEES

	2015 \$000	2014 \$000
Professional fees	146	169
Consulting fees	706	499
Patent and trademark fees (i)	904	279
TOTAL CONSULTING AND PROFESSIONAL FEES	1,756	947

- (i) Part of the increase during the period related to the purchase of intellectual property, which included all rights, title, and interest in bioimpedance spectroscopy and other associated technology related to the field of chronic heart failure. This purchase did not meet the asset recognition criteria and was therefore expensed to patent fees during the period.

7. EXPENSES (CONTINUED)**ADVERTISING AND PROMOTION EXPENSES**

	2015 \$000	2014 \$000
Tradeshows, sponsorships and donations	225	161
Market research study	7	289
Other advertising and promotion expenses	133	107
TOTAL ADVERTISING AND PROMOTION EXPENSES	365	557

CLINICAL TRIALS AND RESEARCH & DEVELOPMENT

	2015 \$000	2014 \$000
Clinical trials	546	69
Registry costs	218	177
Research & development	601	20
TOTAL CLINICAL TRIALS AND RESEARCH & DEVELOPMENT	1,365	266

DEPRECIATION AND AMORTISATION INCLUDED IN STATEMENT OF COMPREHENSIVE INCOME

	2015 \$000	2014 \$000
Depreciation of property and equipment	39	32
Depreciation of demo and loan devices	30	21
Amortisation of leasehold improvements	11	15
Amortisation of patents and licenses	1	1
Amortisation of software	4	3
	85	72
Depreciation of operating lease and PSA devices (i)	12	17
TOTAL DEPRECIATION AND AMORTISATION	97	89

- (i) This depreciation relates to devices on operating lease or PSA and has been included in cost of goods sold.

8. CASH AND CASH EQUIVALENTS

	AS AT 31 DEC 2015 \$000	AS AT 30 JUN 2015 \$000
Cash at bank and in hand	25,152	32,582
CASH AND CASH EQUIVALENTS	25,152	32,582

9. NON-CURRENT ASSETS — PROPERTY AND EQUIPMENT

During the six months ended 31 December 2015, the Group acquired assets with a cost of \$32,000 (six months ended 31 December 2014: \$123,000) in relation to new computers for the Company.

10. INTANGIBLE ASSETS AND GOODWILL

Intangible assets decreased in the current period due to the normal amortisation of computer software and licenses. This decrease was partially offset by foreign currency exchange movements.

Goodwill increased in the current period due to foreign currency exchange movements.

Goodwill tests for impairment bi-annually (as at 31 December and 30 June) and when circumstances indicate the carrying value may be impaired. The key inputs used in impairment testing were disclosed in the annual consolidated financial statements for the year ended 30 June 2015.

The Group found no evidence of impairment of goodwill or other assets, and as a result, no impairment loss has been recognised at the reporting date.

11. ISSUED CAPITAL

ORDINARY SHARES

	NUMBER OF SHARES	\$000
AT 31 DECEMBER 2014	293,118,458	147,360
Issued during the period as a result of:		
Issue of ordinary shares		
Employee exercise of options	169,382	54
Transactions costs		(65)
AT 30 JUNE 2015	293,287,840	147,349

ISSUED DURING THE PERIOD AS A RESULT OF:

Issue of ordinary shares		
Employee exercise of options	464,527	245
Transactions costs		(11)
AT 31 DECEMBER 2015	293,752,367	147,583

12. SHARE-BASED PAYMENT PLANS

For the six months ended 31 December 2015, the Group had \$1.3 million (31 December 2014: \$0.5 million) of share-based payment transactions expense in the Statement of Comprehensive Income.

During the period, the Group granted awards under the Employee Incentive Plan ("EIP"). The EIP was approved at the Group's Annual General Meeting held on 30 October 2014.

The weighted average fair value of the options granted during the six month period was \$0.56 (31 December 2014: \$0.39).

During the current period, 3,772,000 share options and 500,000 performance rights were granted under the EIP. The award grants included 2,075,000 share options and 500,000 performance rights granted to key management personnel ("KMP") during the period. The exercise price of the options was equal to the market price of the shares on the date of grant.

12. SHARE-BASED PAYMENT PLANS (CONTINUED)

The fair value of awards granted, as mentioned above, were estimated on the date of grant using the following assumptions:

	OPTIONS	PERFORMANCE RIGHTS
Expected volatility (%)	75.20	75.20
Risk-free rate of return (%)	2.71	2.71
Dividend yield (%)	–	–
Average expected life (years)	4.52	3.00
Strike price (\$)	0.87 – 1.03	–

SHARE OPTIONS

For new hire option grants during the period, one-fourth of the options vest one year from the respective dates of grant. The remaining options vest evenly on a monthly basis over the next three years if the participant is still employed on such dates. All outstanding unvested options shall fully vest on an accelerated basis as of immediately before a Change of Control Event. The fair value of the options granted is estimated at the date of grant using the Black Scholes model, taking into account the terms and conditions upon which the options were granted.

For all other option grants during the period, the options incrementally vest on each monthly anniversary of the respective dates of grant over four years if the participant is still employed on such dates. All outstanding unvested options shall fully vest on an accelerated basis as of immediately before a Change of Control Event. The fair value of the options granted is estimated at the date of grant using the Black Scholes model, taking into account the terms and conditions upon which the options were granted.

PERFORMANCE RIGHTS

The performance rights were granted for nil consideration and fully vest on the third anniversary of the respective dates of grant, subject to the participant's continuous employment with the Company or other Group entity. All outstanding unvested performance rights shall fully vest on an accelerated basis immediately before a Change of Control Event.

If the participant ceases employment with the Group where such cessation of employment is due to the participant's death, permanent illness or permanent physical or permanent mental incapacity (as certified by a medical practitioner who is approved in writing by the Board), the performance rights will fully vest on an accelerated basis immediately.

13. RELATED PARTY DISCLOSURE

For the current period, no new transactions with directors occurred that would be considered related party transactions. Directors fees accrued and not paid were \$35,000 at 31 December 2015 (30 June 2015: nil).

Transactions with all related parties are made at arm's length both at normal market prices and on normal commercial terms.

14. COMMITMENTS AND CONTINGENCIES

OPERATING COMMITMENTS

At 31 December 2015, the Group had operating commitments of \$0.4 million (30 June 2015: \$0.4 million) primarily relating to the office leases for one Australian facility and two US-based facilities, with a range of less than one year to three years remaining on the leases.

At 31 December 2015, the Group had expenditure commitments of \$2.0 million (30 June 2015: \$0.8 million) relating to the funding of clinical trials, research & development endeavours, future product builds, advertising and promotional activities, and other operating activities. During the period, ImpediMed announced the launch of the US Commercialisation of L-Dex, with an initial objective of establishing lymphoedema surveillance programmes for breast cancer patients in 50 of the top cancer centres in the US over the 2016 calendar year.

	AS AT 31 DEC 2015 \$000	AS AT 30 JUN 2015 \$000
Clinical Trials and Research & Development	1,201	332
Manufacturing (future product builds)	378	353
Sales and marketing activities	183	16
Other operating activities	240	122
	2,002	823

LITIGATION

At 31 December 2015, the Group had no known open formal claims or lawsuits against it.

15. EVENTS AFTER THE BALANCE SHEET DATE

On 9 February 2016, ImpediMed announced a two tranche, \$75 million Private Placement ("Placement") at an issue price of \$0.95 per share, as well as a \$7.5 million Share Purchase Plan. The shares offered under the Share Purchase Plan will be offered at the same issue price as the Placement shares.

The funds raised from the Placement will be primarily used by the Company to:

- expand sales and marketing activities for L-Dex;
- allow for balance sheet flexibility and working capital expansion to drive additional L-Dex growth in both the US and international markets; and
- pursue the Chronic Heart Failure ("CHF") business, including by completing the 510(k) process and conducting and completing a clinical trial in CHF to position the Company with clinical data in support of a future product launch in CHF; and
- provide for balance sheet strength in the context of high levels of commercial and corporate inquiry being generated by the Company.

Canaccord Genuity (Australia) Limited acted as sole lead manager and bookrunner for the Placement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

In accordance with a resolution of the directors of ImpediMed Limited, we state that:

In the opinion of the directors:

- (a) The financial statements and notes of the consolidated entity for the half-year ended 31 December 2015 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Cherrell Hirst AO
Chairman



Jim Hazel
Director

Brisbane, 24 February 2016

To the members of ImpediMed Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of ImpediMed Limited which comprises the interim consolidated balance sheet as at 31 December 2015, the interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of ImpediMed Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

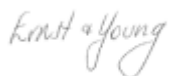
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of ImpediMed Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Kellie McKenzie
Partner
Brisbane
24 February 2016