ASX: IPD

25 February 2015

ASX ANNOUNCEMENT

APPENDIX 4D – HALF-YEAR RESULTS ENDED 31 DECEMBER 2014

Brisbane, Australia – **ImpediMed Limited** (ASX: IPD) (“the Company”), is pleased to provide its Appendix 4D and reviewed financial results for the half-year ended 31 December 2014.

Financial summary of the first half of financial year 2014 for ImpediMed:

- Revenue, excluding finance income, for the half-year ending 31 December 2014, was $2.1 million – an increase of 29% on the previous corresponding period.
- Net cash flows used in operating activities increased to $4.1 million in the half-year compared to $2.8 million for the previous half-year.
- Expenses for the period were $7.8 million versus $4.8 million in the previous corresponding period.
- Total comprehensive loss for the period was $4.6 million versus $3.5 million in the previous corresponding period.
- Net assets at 31 December 2014 were $40.2 million versus $13.5 million at 30 June 2014.

Highlights of the first half of the year for ImpediMed include:

- The Centers for Medicare & Medicaid Services (CMS) published the valuation for CPT® Category I Code 93702 for the Company’s L-Dex® procedure for the assessment of lymphoedema.
- Undertook a successful capital raising of approximately $32.5 million (before costs and expenses).
- Successfully launched the first of six L-Dex pilot programs that are targeted for the next 12 months in the US.
- The American Medical Association (AMA) released the CPT Category I code descriptor for bioimpedance spectroscopy for all cancer-related lymphoedema.
- Leading US oncologist Dr Frank A. Vicini joined ImpediMed as Chief Medical Officer to provide oncology expertise and leadership for future business development and strategy.
- Macquarie University Cancer Institute (MCI) in Sydney, New South Wales, Australia was named as an Australian site for the L-Dex post-approval study. Principal Investigators at MCI for this study are Professor John Boyages, MD, PhD and Louise Koelmeyer, BAppSc.

President and CEO Richard Carreon commented, “The first 6 months of this fiscal year have been a transformational time for ImpediMed. We are focused in this half on firmly establishing routine usage of L-Dex in commercial pilots with 6 major US oncology sites, as a precursor to a broader US roll out of L-Dex planned for late in this calendar year. We are pleased with the progress we are making with 3 major oncology sites having recently commenced their commercial pilots of L-Dex.”

Richard Carreon
CEO

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About ImpediMed

ImpediMed Limited 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 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 unilateral lymphoedema of the arm and leg in women and the leg in men.

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

ImpediMed Limited

ABN 65 089 705 144

Appendix 4D

1 **for the half-year ended 31 December 2014**

(previous corresponding period : half-year ended 31 December 2013)

The information contained in this document should be read in conjunction with the financial statements for the year ended 30 June 2014 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.

2 **Results for announcement to the market**

	Current period	Previous corresponding period	
	$000	$000	$000
2.1 Revenue from ordinary activities	**2,110**	1,645	
Increase in revenue:			465
Percentage increase:			28%
2.2 Loss from ordinary activities after tax attributable to members	**(6,122)**	(3,586)	
Increase in loss from ordinary: activities after tax attributable to members			(2,536)
Percentage change:			(71%)
2.3 Net loss for the period attributable to members	**(6,122)**	(3,586)	
Increase in net loss for the period attributable to members:			(2,536)
Percentage change:			(71%)
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 Statements for the current reporting period.

3 Net tangible assets per ordinary security

		Current period		Previous corresponding period
Net tangible assets ($000)	**$**	**37,973**	$	5,299
Issued share capital at reporting date ($000)	**$**	**147,360**	$	106,101
Number of shares on issue at reporting date		**293,118,458**		181,314,055
Net tangible assets per ordinary security	**$**	**0.13**	$	0.03

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 2014.

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.

IMPEDIMED LIMITED

ABN 65 089 705 144

Financial Report

For the half-year ended 31 December 2014

Corporate Information

ABN: 65 089 705 144

This financial report covers the consolidated entity comprising ImpediMed Limited ("the Parent") and its subsidiaries ("the Group"). The Parent's functional and presentational currency and the Group's presentational currency are Australian dollars ("$"). A description of the Group's operations and of its principal activities are included in the operating and financial review in the directors' report. The directors' report is not part of the financial report.

Directors
C Hirst, AO (Chairman)
D Adams
J Hazel
M Panaccio
S Ward

Company Secretary
S Denaro (Resigned 7 January 2015)
L Ralph (Appointed 7 January 2015)

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

Solicitors
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Sydney QLD 2000

Sheppard Mullin Richter & Hampton LLP
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Bankers
Commonwealth Bank of Australia
240 Queen Street
Brisbane QLD 4000

Bank of America
450 B Street, Suite 1500
San Diego CA 92101-8001 U.S.A.

Auditors
Ernst & Young
Level 51, 111 Eagle Street
Brisbane QLD 4000

Remuneration Advisors to the Board of Directors
David Ness
18811 Mescalero Drive
Rio Verde AZ 85263 U.S.A.

Directors' Report

Your directors submit their report together with the consolidated interim financial report for ImpediMed Limited ("the Company" or "the Group") for the half-year ended 31 December 2014 and the auditor's review report therein.

Directors

The names of the directors in office during the half-year and until the date of this report are set out 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 Ward, Ms, BSc (Non-executive Director)

Principal activities

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

Operating and financial review

Group overview

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

The ImpediMed 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.

Operating results for the period

Total comprehensive loss for the period was $4.6 million (31 December 2013: $3.5 million). The loss from continuing operations for the period after income tax was $6.1 million (31 December 2013 $3.6 million). The larger loss was primarily due to increased staff, advertising and promotions and consulting costs in the lead up to the CPT® Category I code becoming effective on 1 January 2015. During the period, the Company also adjusted base pay and short-term incentive ("STI") percentages for key management personnel and other employees to remain competitive in the marketplace.

- Sale of goods and services for the current period were $2.1 million (31 December 2013: $1.6 million), an increase of 29% from the previous corresponding period. The increase in revenue was due primarily to an increase in the US Lymphedema market of 18%. In addition, global Body Composition revenue increased by 29% and global Test and Measurement related revenue increased by 71%. The increased revenue in the US Lymphedema market was mainly due to an increase in patient assessments orders during the period from new and existing customers.

- Cost of sales for the current period were $0.6 million (31 December 2013: $0.4 million). The increase in costs 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 came from patient assessments, which carry a higher gross margin. This was offset by higher Test & Measurement revenue, which typically has a lower gross margin. In addition, during the period the Group made the election to move costs related to sales commissions out of cost of sales and in to employee related expenses and advertising expenses. The prior period was restated for comparative purposes.

Operating results for the period (continued)

The Parent and ImpediMed Inc. are the entities that generate revenue from bioimpedance spectroscopy (BIS) devices for the Group. These companies enter into agreements to place the L-Dex® U400 with customers.

Under these agreements, ImpediMed may retain title to the device and carry the cost in property, plant and equipment, depreciating the device over three years. As the U.S. marketplace business scales up, the investment in L-Dex devices is expected to have some impact on the working capital needs of the Group which are expected to be offset by revenue and profitability.

Expenses for the period were $7.8 million (31 December 2013: $4.8 million).

- Salaries and benefits expense for the current period was $4.0 million (31 December 2013: $2.2 million). The increase in spending was primarily due to increased staff costs as the Company brought on additional sales and marketing personnel in the lead up to the CPT Category I code becoming effective on 1 January 2015, as well as adjustments made to base pay and STI's for key management personnel and employees during the period. Headcount increased from 24 (31 December 2013) to 40 (31 December 2014) full and part-time employees.

- Advertising and promotion expense for the current period was $0.6 million (31 December 2013: $0.2 million). The increase was primarily due to a Market Research study that began during the period, as well as increased activity from the increased sales and marketing related headcount.

- Travel expenses for the current period were $0.5 million (31 December 2013: $0.3 million). The increase was primarily due to increased activity from the higher sales and marketing related headcount.

- Share-based payment expense for the current period was $0.5 million (31 December 2013: $0.3 million). The increase was primarily due to grants to key management personnel and other participants during the period.

- Consultants and professional fees for the current period were $0.9 million (31 December 2013: $0.7 million). The increase was primarily due to expansion of investor relation programs during the period, which included market research and analysis and other corporate advisory services.

Liquidity and capital resources

Cash and cash equivalents increased to $38.2 million at 31 December 2014 from $10.8 million at 30 June 2014 due primarily to the capital raise of $32.5 million before costs, netted partially by capital raising costs and cash used to fund operating activities. Net cash used in operating activities for the period was $4.1 million compared to $2.8 million for the six months ending 31 December 2013. The increase in cash outflows was mainly due to an increase in headcount and staff costs in the lead up to the CPT Category I code becoming effective on 1 January 2015.

The Group maintains a significant portion of available funds in U.S. dollars to match U.S. dollar expenditure needs. The loss from continuing operations for the period before income tax includes realised foreign exchange loss arising from the operating expenses in the U.S. The spot exchange rate for the beginning and end of the reporting period was AUD $1.00 to USD $0.942 and USD $0.816, respectively. The spot exchange rate for the beginning and end of the comparative period was AUD $1.00 to USD $0.913 and USD $0.887, respectively.

Significant events after the balance date

ImpediMed announced the launch of additional L-Dex pilots with two prominent community oncology groups in the US, which provide outpatient care for thousands of new cancer patients each year. The pilot programs will provide the Company a unique opportunity to gain insight into community oncology through constructive feedback regarding implementation, integration, and patient use aspects of the L-Dex system in order to optimise the utility and benefits of the L-Dex system in this environment.

Rounding of amounts

The amounts contained in this report and in the financial report for the half-year ended 31 December 2014 have been rounded to the nearest thousand (where rounding is applicable and where noted ($000)) under the option available to the Company under ASIC CO 98/100. The Company is an entity to which the Class Order applies.

Directors’ Report

Auditor Independence Declaration

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, 25 February 2015

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Auditor's Independence Declaration to the Directors of ImpediMed Limited

In relation to our review of the financial report of ImpediMed Limited for the half-year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

K McKenzie

Kellie McKenzie
Partner
25 February 2015

Interim Consolidated Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Notes	31 Dec 2014 $000	31 Dec 2013 $000
Continuing operations			
Sale of goods	3a	**1,971**	1,502
Rendering of services		**113**	109
Finance income	3b	**26**	34
Revenue		**2,110**	1,645
Cost of sales	3g	**(592)**	(446)
Other income	3c	**130**	-
Salaries and benefits	3e	**(4,049)**	(2,178)
Research and development		**(266)**	(193)
Administrative and governance	3f	**(634)**	(610)
Consultants and professional fees		**(947)**	(721)
Depreciation and amortization	3d	**(72)**	(59)
Advertising and promotion		**(557)**	(197)
Rent and property expenses		**(115)**	(114)
Travel expenses		**(503)**	(294)
Share based payments		**(505)**	(256)
Other expenses		**(122)**	(163)
Loss from continuing operations before income tax		**(6,122)**	(3,586)
Income tax		**-**	-
Loss from continuing operations after income tax		**(6,122)**	(3,586)
Net loss attributable to owners of the parent for the period		**(6,122)**	(3,586)
Other comprehensive income (loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**1,555**	126
Other comprehensive income (loss) attributable to owners of the parent for the period, net of tax		**1,555**	126
Total comprehensive loss attributable to owners of the parent for the period, net of tax		**(4,567)**	(3,460)

Loss per share	**31 Dec 2014 $**	31 Dec 2013 $
Basic and diluted loss attributable to owners of the parent per share	**(0.03)**	(0.02)

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

The prior year comparative period has been updated to reflect the change in reporting commissions, as the Group elected to move these costs from Cost of Sales to Salaries and benefits and Advertising and promotion costs in the current period.

Interim Consolidated Balance Sheet

AS AT 31 DECEMBER 2014

	Notes	as at 31 Dec 2014 $000	as at 30 Jun 2014 $000
ASSETS			
Current Assets			
Cash and cash equivalents	4	**38,241**	10,812
Trade and other receivables		**821**	445
Inventories		**1,155**	1,132
Restricted cash		**31**	31
Other current assets		**254**	320
Total Current Assets		**40,502**	12,740
Non-current Assets			
Other financial assets		**58**	50
Plant and equipment	8	**278**	203
Intangible assets	9	**42**	41
Goodwill	9	**2,222**	1,924
Total Non-current Assets		**2,600**	2,218
TOTAL ASSETS		**43,102**	14,958
LIABILITIES			
Current Liabilities			
Trade and other payables		**1,387**	994
Provisions		**1,359**	342
Total Current Liabilities		**2,746**	1,336
Non-current Liabilities			
Provisions		**119**	90
Total Non-current Liabilities		**119**	90
TOTAL LIABILITIES		**2,865**	1,426
NET ASSETS		**40,237**	13,532
EQUITY			
Issued capital	10	**147,360**	116,593
Reserves		**7,873**	5,813
Accumulated losses		**(114,996)**	(108,874)
TOTAL EQUITY		**40,237**	13,532

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

Interim Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Notes	31 Dec 2014 $000	31 Dec 2013 $000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax and U.S. sales tax)		**2,038**	1,588
Payments to suppliers and employees (inclusive of goods and services tax and U.S. sales tax)		**(6,333)**	(4,437)
Interest received		**23**	45
Receipt of royalties		**129**	-
Net cash flows used in operating activities		**(4,143)**	(2,804)
Cash flows from investing activities			
Purchase of equipment		**(118)**	(30)
Proceeds from sale of equipment		**-**	-
Net cash flows used in investing activities		**(118)**	(30)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**32,618**	-
Transaction costs from capital raise		**(1,877)**	-
Release of restricted cash		**-**	-
Net cash flows from financing activities		**30,741**	-
Net increase (decrease) in cash and cash equivalents		**26,480**	(2,834)
Net foreign exchange differences		**949**	53
Cash and cash equivalents at beginning of period		**10,812**	7,316
Cash and cash equivalents at close of period	4	**38,241**	4,535

The above interim consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Interim Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Issued capital $000	Share reserves $000	Foreign currency translation reserve $000	Accumulated losses $000	Total $000
At 1 July 2013	106,101	5,208	224	(100,939)	10,594
Loss for the period	-	-	-	(3,586)	(3,586)
Other comprehensive income	-	-	126	-	126
Total comprehensive loss for the half-year	106,101	5,208	350	(104,525)	7,134
Equity Transactions:					
Share-based payments	-	256	-	-	256
Costs of capital raise	-	-	-	-	-
At 31 December 2013	106,101	5,464	350	(104,525)	7,390

	Issued capital $000	Share reserves $000	Foreign currency translation reserve $000	Accumulated losses $000	Total $000
At 1 July 2014	**116,593**	**5,862**	**(49)**	**(108,874)**	**13,532**
Loss for the period	**-**	**-**	**-**	**(6,122)**	**(6,122)**
Other comprehensive loss	**-**	**-**	**1,555**	**-**	**1,555**
Total comprehensive loss for the half-year	**116,593**	**5,862**	**1,506**	**(114,996)**	**8,965**
Equity Transactions:					
Share-based payments	**-**	**505**	**-**	**-**	**505**
Allotment of ordinary shares	**32,618**	**-**	**-**	**-**	**32,618**
Costs of capital raise	**(1,851)**	**-**	**-**	**-**	**(1,851)**
At 31 December 2014	**147,360**	**6,367**	**1,506**	**(114,996)**	**40,237**

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

Notes to the Interim Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

1 Basis of preparation and accounting policies

Basis of preparation

The consolidated financial statements of ImpediMed Limited for the six months ended 31 December 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 25 February 2015.

The interim consolidated financial statements ("financial report") for the half-year ended 31 December 2014 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 2014 and considered together with any public announcements made by the Group during the half-year ended 31 December 2014 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 policy

The accounting policies and methods of computation are consistent with those of the most recent annual report except the following amending Standards and Interpretations have been adopted in the current period. There was no material impact on the financial report as a result of the mandatory new and amended Accounting Standards adopted, which are outlined below:

- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*. The amendments to AASB 101 clarify, rather than significantly change, existing requirements related to materiality requirements, flexibility as to financial statements presentation and clarifying specific line items of other comprehensive income that may be disaggregated. These amendments make changes to presentation and disclosure requirements, but do not affect the Group's accounting policies or the amounts reported in the financial statements.
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality. The Standard completes the AASB's project to remove Australian guidance on materiality from the standards. These amendments make changes to presentation and disclosure requirements, but do not affect the Group's accounting policies or the amounts reported in the financial statements.

The Group has not elected to early adopt any other new Standards or Amendments that are issued but not yet effective. Certain amounts in the comparative financial statements have been reclassified to conform to the current period presentation.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand ($000) unless otherwise indicated.

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.

1 Basis of preparation and accounting policies (continued)

Going concern (continued)

The Group has realised a loss after income tax of $6.1 million for the half-year ended 31 December 2014 (31 December 2013: $3.6 million) and net operating cash outflow of $4.1 million for the half-year ended 31 December 2014 (31 December 2013: $2.8 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) During the period, the Group completed a $32.5 million Rights Issue (Entitlement Offer), before costs. The capital raise was fully underwritten.

(ii) As at 31 December 2014, the Group had net assets of $40.2 million (30 June 2014: $13.5 million). At the same date, the market capitalisation of ImpediMed Limited was $243.3 million (30 June 2014: $44.1 million) and current assets of the Group exceeded current liabilities by a ratio of 14.7 : 1 (30 June 2014: 9.5 : 1).

(iii) The Group had cash at its disposal of $38.2 million at 31 December 2014 and had no borrowings from banks or other financial institutions at 31 December 2014.

(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 Segment information

The following table presents revenue and profit information for reportable segments for the half-years ended 31 December 2014 and 31 December 2013.

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 and Body Composition in the medical segment and the Test & Measurement segment. This reporting is consistent with the prior half year financial report.

Half-year ended 31 December 2014	**Medical**			**Test & Measurement**	**Total**
	Lymphoedema	**Body Composition**	**Total Medical**		
	$000	**$000**	**$000**	**$000**	**$000**
Revenue					
Device sales	**199**	**326**	**525**	**839**	**1,364**
Device operating leases	**21**	**5**	**26**	**1**	**27**
Consumable revenue	**527**	**52**	**579**	**1**	**580**
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**

2 Segment information (continued)

Half-year ended 31 December 2013	Medical			Test & Measurement	Total
	Lymphoedema	Body Composition	Total Medical		
	$000	$000	$000	$000	$000
Revenue					
Device sales	246	217	463	460	923
Device operating leases	36	4	40	2	42
Consumable revenue	467	69	536	1	537
Rendering of Services	7	17	24	85	109
Total segment revenue	756	307	1,063	548	1,611
Unallocated revenue (finance income)					34
Total consolidated revenue					1,645

Segment Assets

The following table presents segment assets of the Group's operating segments as at 31 December 2014 and 30 June 2014.

	Medical	**Test & Measurement**	**Total**
	$000	**$000**	**$000**
At 31 December 2014	**42,095**	**1,007**	**43,102**
At 30 June 2014	14,121	837	14,958

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 2014	Medical	Test & Measurement	Total
	$000	$000	$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 amortization			**(72)**
Net loss for the period			**(6,122)**

2 Segment information (continued)

Adjustments and eliminations (continued)

Half-year ended 31 December 2013	Medical $000	Test & Measurement $000	Total $000
Results			
Segment result	(3,545)	(16)	(3,561)
Income tax expense	-	-	-
Net allocated loss for the period	(3,545)	(16)	(3,561)
Unallocated results (finance income less costs)			34
Depreciation and amortization			(59)
Net loss for the period			(3,586)

3 Revenue, income and expenses

	2014 $000	2013 $000
(a) Sale of goods		
Device sales	**1,364**	923
Consumable sales	**580**	537
Device operating leases	**27**	42
	1,971	1,502
(b) Finance income		
Interest income – bank deposits	**26**	9
Interest income – term deposits	**0**	25
	26	34
(c) Other income		
R&D tax concession	**130**	-
	130	-
(d) Depreciation and amortisation		
Depreciation of property, plant and equipment	**32**	26
Depreciation of demo and loan devices	**21**	25
Amortisation of leasehold improvements	**15**	5
Amortisation of patents and licenses	**1**	1
Amortisation of software	**3**	2
	72	59
Depreciation of operating lease and PSA devices (i)	**17**	37
	89	96

(i) Operating lease depreciation has been included in cost of sales.

3 Revenue, income and expenses (continued)

	2014 $000	2013 $000
(e) Salaries and benefits		
Wages and salaries	**3,550**	1,840
Superannuation costs	**81**	64
Other employee costs	**398**	269
Long service leave	**20**	5
	4,049	2,178
Share based payments to employees	**498**	249
	4,547	2,427

(f) Administrative and governance

The following items are included in administrative and governance expense.

Unrealised loss (gain) on foreign exchange	**(14)**	1

(g) Cost of sales

The following item is included in cost of sales.

Inventory write-down	**3**	4

4 Cash and cash equivalents

	as at 31 Dec 2014 $000	as at 30 Jun 2014 $000
Cash at bank and in hand	**38,241**	10,812
	38,241	10,812

5 Dividends paid

There were no dividends declared or paid during the half-year on ordinary shares. There were no dividends proposed and not yet recognised as a liability during the half-year.

6 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 $110,000 at 31 December 2014 (30 June 2014: $119,000).

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

7 Share-based payments

For the six months ended 31 December 2014, the Group had $0.5 million (31 December 2013: $0.3 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") and the Employee Stock Option Plan. The EIP was approved at the Group's Annual General Meeting held on 30 October 2014. Any awards granted after 30 October 2014 fall under the EIP.

The weighted average fair value of the options granted during the six month period was $0.39 (31 December 2013: $0.11).

In December 2014, 7,970,000 share options and 2,260,000 performance rights were granted under the various incentive plans. The award grants included 5,061,000 share options and 2,104,000 performance rights granted to key management personnel under the EIP during the period. The exercise price of the options of $0.69 was equal to the market price of the shares on the date of grant. The options incrementally vest on each monthly anniversary of the date 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.

The performance rights were granted for nil consideration and fully vest on the third anniversary of the date 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.

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)	4.48	3.00
Strike price ($)	0.69	-

8 Property, plant and equipment

Acquisitions and disposals

During the six months ended 31 December 2014, the Group acquired assets with a cost of $123,000 (six months ended 31 December 2013: $37,000) in relation to new computers for the Company and a new air conditioner unit for the Australian-based office.

9 Intangible assets and goodwill

Intangible assets increased in the current period due to foreign currency exchange movements, which was partially offset by the normal amortisation of computer software and licences.

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

9 Intangible assets and goodwill (continued)

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 2014.

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.

10 Issued capital

The movement in issued capital in the current period is as follows:

Ordinary shares

	Number of Shares	$000
At 31 December 2013	181,314,055	106,101
Issued during the period as a result of:		
Issue of ordinary shares	57,358,747	11,185
Employee exercise of options	-	-
Transaction costs	-	(693)
At 30 June 2014	238,672,802	116,593
Issued during the period as a result of:		
Issue of ordinary shares	**54,227,490**	**32,537**
Employee exercise of options	**218,166**	**81**
Transaction costs	**-**	**(1,851)**
At 31 December 2014	**293,118,458**	**147,360**

During the period the Group raised $32.5 million before costs and expenses through a fully underwritten, non-renounceable pro rata entitlement offer.

Ordinary shares fully paid include transaction costs of $1.9 million (2014: $0.7 million) pertaining to the cost of capital raised during the current reporting period. Fully paid ordinary shares carry one vote per share and carry the right to dividends.

11 Commitments and contingencies

Operating Commitments

At 31 December 2014, the Group had operating commitments of $0.4 million (30 June 2014: $0.5 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.

11 Commitments and contingencies (continued)

Expenditure Commitments

At 31 December 2014, the Group had expenditure commitments of $1.5 million (30 June 2014: $0.5 million) relating to the funding of clinical trials, future product builds, advertising and promotional activities, and other operating activities. During the year, ImpediMed announced a number of sites that would be part of an L-Dex international post-approval clinical study. The study is led by Vanderbilt University, a renowned US-based university, and also includes Macquarie University Cancer Institute, an Australian leader in lymphoedema research.

	as at 31 Dec 2014 $000	as at 30 Jun 2014 $000
Clinical Trials and Research & Development	**381**	47
Manufacturing (future product builds)	**878**	327
Sales and marketing activities	**174**	-
Other operating activities	**93**	138
	1,526	512

Litigation

At 31 December 2014, the Group had no known open formal claims or lawsuits against it.

12 Events after the balance sheet date

ImpediMed announced the launch of additional L-Dex pilots with two prominent community oncology groups in the US, which provide outpatient care for thousands of new cancer patients each year. The pilot programs will provide the Company a unique opportunity to gain insight into community oncology through constructive feedback regarding implementation, integration, and patient use aspects of the L-Dex system in order to optimise the utility and benefits of the L-Dex system in this environment.

Directors' Declaration

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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 are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the financial position as at 31 December 2014 and the performance for the half-year ended on that date; and

  (ii) complying with accounting standards 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, 25 February 2015

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working world

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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 2014, the interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows 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 2014 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 2014 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

Ernst & Young

K McKenzie

Kellie McKenzie
Partner
Brisbane
25 February 2015