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Annual Report 2015

ImpediMed®

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ImpediMed Limited

ABN 65 089 705 144

Annual Financial Report
For the year ended 30 June 2015

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Chairman's Report

Dr. Cherrell Hirst AO
Chairman of the Board

On behalf of the Company's Board of Directors and Management, I am pleased to present the Annual Report for ImpediMed Limited ("ImpediMed" or the "Company") for the 2014/2015 financial year.

ImpediMed has delivered on a series of milestones over the past year, and we are pleased to see this is translating to meaningful returns for our Shareholders.

On 1 January 2015, the unique CPT® Category I Code for bioimpedance spectroscopy for lymphoedema assessment came into effect, and accordingly the focus of the Company this year has been on our commercial pilot program and preparing for a full commercial launch of L-Dex in the US toward the end of 2015. The Company's key achievements this year include:

- Lymphoedema included, for the first time, in the National Comprehensive Cancer Network® (NCCN®) Guidelines® for Breast Cancer, widely recognised as the standard of care in the US;
- L-Dex awarded a unique, dedicated CPT Category I code enabling physicians to seek reimbursement of approximately USD $112 per patient assessment;
- Signing up of six cancer centres, ahead of schedule, to participate in the commercial pilot program for L-Dex,;
- Adding world respected sites like Mayo Clinic and MD Anderson to our post-approval clinical trial.
- Completion of a $32.5 million capital raise in gross proceeds by way of an entitlement offer, open to all existing shareholders in Australia and New Zealand, to support our commercialization efforts in the US;
- Admission to the S&P/ASX 300 Index.

We were also very pleased to have CEO Rick Carreon joining the Company's Board of Directors as our Managing Director. Rick has demonstrated exceptional leadership and has been a driving force in the company's successes since he joined us in July 2012. We are confident that under his leadership the company will continue to prosper as we move into the exciting next stages of the ImpediMed journey.

On behalf of the Board, I would like to thank Rick and his team for their continued efforts across the business and for driving awareness amongst patients and physicians of L-Dex and the benefits that it offers for early detection of lymphoedema. The team has worked strategically and

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systematically to build a very strong foundation for growth. I am confident that as the focus on driving market adoption of L-Dex heightens over the next twelve months this team will continue to deliver results and help us advance towards our goal of creating a robust and successful business, and driving shareholder returns as we see L-Dex become the standard of care, aiding in the early assessment of lymphoedema for all relevant cancer patients.

I would also like to congratulate Professor Leigh Ward, the inventor of ImpediMed's BIS technology, who was honored with the 2015 Clunies Ross National Science and Technology Award, one of Australia's most prestigious innovation awards.

Finally, thank you to my fellow Directors for their valuable contribution to the Company and our shareholders for their ongoing support. We can all count on the year ahead to be another exciting one for ImpediMed.

Yours sincerely,

Cherrell Hirst AO

Chairman, ImpediMed.

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Chief Executive Officer's Letter

Richard Carreon
Managing Director and Chief Executive Officer

Dear Shareholders,

The 2015 financial year has been another year of excellent progress for ImpediMed.

As we prepare for the full commercial launch of L-Dex in the US in late 2015, our strategy is twofold: Apply insights and learnings gained in our commercial pilot program to enable a smoother integration of the device into clinical practice; and continue to invest in initiatives to drive wide-spread education and awareness of the importance of monitoring cancer patients for lymphoedema, and ultimately drive market adoption.

As noted in the Chairman's Report, the Company has made significant progress in delivering our commercialisation strategy this year.

I continue to be very pleased with the increasing recognition of lymphoedema and L-Dex in the market. One of our most significant achievements this year is seeing lymphoedema included in the National Comprehensive Cancer Network® (NCCN®) Clinical Practice Guidelines in Oncology (NCCN Guidelines®) for Breast Cancer.

The dedicated CPT Category I code 93702 – which describes the Company's L-Dex procedure for the clinical assessment of lymphoedema – came into effect on 1 January 2015, enabling physicians to seek reimbursement of approximately US$112 per patient assessment for Medicare patients.

Notably, our commercial pilot program is now fully operational across the United States with six prominent centres – four oncology centres and two large multi-disciplinary centres. This commercial pilot program is delivering insights and learnings that will be invaluable to us when we commence our full US launch later this year, in helping us work effectively with key multi-disciplinary institutions to integrate L-Dex into clinical practice and patient workflow and incorporate L-Dex into the electronic medical records.

L-Dex also continues to attract endorsement from leading clinicians in the US. At this year's 16th Annual meeting of the American Society of Breast Surgeons (ASBrS) in Orlando, Florida four leading experts in the fields of lymphoedema research, clinical use of L-Dex, and reimbursement presented the latest data on the use ImpediMed's technology. These presentations highlighted significant recent advances made in the early

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detection of lymphoedema and the role that L-Dex can play in improving patient outcomes.

Financially, we are in a solid position. As of 30 June 2015 we had a cash balance of $32.6 million.

We have a positive outlook for the year ahead. We have been pleased with the success of our commercial pilot program, and the growing acceptance of L-Dex for aiding in the early detection of lymphoedema. We have a clearly defined strategy for national US launch starting later this year, and an experienced team to execute it.

While the opportunity for L-Dex is both immediate and exciting, I believe that this is only the beginning of the journey for ImpediMed. The potential of our BIS technology to provide applications in a number of other diseases is already creating significant interest, and as we progress the commercial launch of L-Dex, we are identifying a number of exciting additional opportunities for our technology.

I would like to sincerely thank our team, shareholders and health professionals for their continuing support of ImpediMed and I look forward to sharing a successful year ahead with you all.

Yours sincerely,

Richard Carreon

Managing Director and CEO

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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

Executive Director

R Carreon, Managing Director and CEO
(Appointed 9 May 2015)

Company Secretary

L Ralph (Appointed 7 January 2015)

S Denaro (Resigned 7 January 2015)

Registered office

Unit 1, 50 Parker Court

Pinkenba QLD 4008

Principal places of business

5900 Pasteur Court, Suite 125
Unit 1, 50 Parker Court

Carlsbad CA 92008 USA
Pinkenba QLD 4008

Phone: +1 760 585 2100
Phone: +61 7 3860 7000

Websites

www.impedimed.com.au, www.impedimed.com, www.l-dex.com, and www.international.l-dex.com

Share Register

Link Market Services

Level 15, 324 Queen Street

Brisbane QLD 4000

Phone: +61 7 3320 2200

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

Solicitors

Johnson Winter & Slattery
Sheppard Mullin Richter & Hampton LLP

Level 25, 20 Bond Street
12275 El Camino Real, Suite 200

Sydney QLD 2000
San Diego CA 92130-2006 USA

Bankers

Commonwealth Bank of Australia
Bank of America

240 Queen Street
450 B Street, Suite 1500

Brisbane QLD 4000
San Diego CA 92101-8001 USA

Auditors
Remuneration Advisors to the Board of Directors

Ernst & Young
David Ness

Level 51, 111 Eagle Street
18811 Mescalero Drive

Brisbane QLD 4000
Rio Verde AZ 85263 USA

Board

Cherrell Hirst AO
Chairman,
Non-executive Director

David Adams
Non-executive Director

Jim Hazel
Non-executive Director

Michael Panaccio
Non-executive Director

Scott Ward
Non-executive Director

Richard Carreon
Managing Director and
Chief Executive Officer

Executives

Frank Vicini
Chief Medical Officer

Morten Vigeland
Chief Financial Officer

Ann Holder
General Manager

Catherine Kingsford
Vice President Regulatory, Clinical Affairs and Intellectual Property

Dennis Schlaht
Vice President Product Development, Quality and Marketing

Mike Schreiber
Vice President
Global Commercialisation

Directors' profiles appear on pages 12 to 14 of the Directors' Report

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Directors' Report

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Your Directors submit their report for the year ended 30 June 2015.

Directors

The names and details of the Parent's Directors (the "Board") in office during the year and until the date of this report are outlined below.

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

Cherrell Hirst AO is a medical doctor and was a leading practitioner in the area of breast cancer screening and diagnosis. Cherrell serves as the Chairman of the Board. Cherrell was appointed Deputy Chairman on 12 July 2011 and Chairman on 8 November 2011. Presently, she is also the Chair of ImpediMed Limited's Nomination Committee and serves on the Remuneration Committee and the Audit and Risk Committee. She is a Non-executive Director of Medibank Private Ltd, RSL Care Ltd, the Gold Coast Hospital and Health Service and Interim Chair of Tissue Therapies Ltd.

Cherrell's areas of experience include medical practice, with extensive experience as a breast cancer clinician, the medical/biotechnology industry and corporate governance.

Listed company directorships held since 1 July 2012:

Company Name	Appointed	Retired/Resigned
ImpediMed Limited	01-Aug-05	-
Tissue Therapies Limited	30-Jun-09	-
Telesso Technologies Limited	03-Oct-12	29-Oct-13
Medibank Private Limited	01-Dec-09	-

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

David Adams serves on the Audit and Risk Committee and the Nomination Committee. David is Chief Operating Officer at InnerSpace Neuro Solutions, Inc. He has extensive experience in the healthcare industry, including previous roles as Vice President of Corporate Integration and Divestitures and Vice President of Cardiovascular Business Development at Medtronic, Inc.

David serves on both the Nomination Committee and the Audit and Risk Committee.

Listed company directorships held since 1 July 2012:

Company Name	Appointed	Retired/Resigned
ImpediMed Limited	11-Nov-13	-

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

Jim Hazel chairs the Audit and Risk Committee and serves on the Nomination Committee. Jim had an extensive corporate career in both the retirement and investment banking sectors, and was formerly Chief General Manager of Adelaide Bank Limited. Jim is a Director of Bendigo and Adelaide Bank Limited, Centrex Metals Limited, Coopers Brewery Limited and is the Chairman of Ingenia Communities Group. He also serves on the Boards of Motor Accident Commission and the Council of the University of South Australia.

Jim's areas of experience include finance and accounting, ASX listed companies, former CEO, chairman of audit committees and corporate governance.

Listed company directorships held since 1 July 2012:

Company Name	Appointed	Retired/Resigned
ImpediMed Limited	27-Nov-06	-
Bendigo & Adelaide Bank Limited	01-Mar-10	-
Centrex Metals Limited	16-Jul-10	-
Ingenia Communities Group	01-Mar-12	-

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

Michael Panaccio chairs the Remuneration Committee and serves on the Nomination Committee. Michael is an investment principal and founder of leading Australian venture capital firm Starfish Ventures, a venture capital manager focusing on investments in medical devices, therapeutics and IT companies. Michael and entities he is associated with including funds managed by Starfish Ventures hold approximately 8.5% of ImpediMed Limited's ordinary shares.

Michael's experience includes more than five years with Singapore based venture capital firm Nomura/JAFCO investment (Asia) Limited and 14 years at Starfish Ventures. Michael has experience in capital raising, ASX listed companies, medical/biotechnology industry, mergers and acquisitions and corporate governance.

Listed company directorships held since 1 July 2012:

Company Name	Appointed	Retired/Resigned
ImpediMed Limited	25-Jan-07	-
dorsaVi	01-May-08	-

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

Scott R. Ward serves on the Remuneration Committee and the Nomination Committee. Scott is a Managing Director at SightLine Partners, a venture capital firm focused on investments in later stage medical device companies. He is also President of Raymond Holdings, a firm founded in 2011, with activities in venture capital, strategy and transactional advisory services. Scott has over 30 years of experience in the healthcare industry, including 15 years as an operating business leader. He was most recently Senior Vice President and President of the CardioVascular business of Medtronic Inc., responsible for all worldwide operations of the CardioVascular Business including the Coronary, Peripheral, Endovascular, Structural Heart Disease and Revascularization and Surgical Therapies Businesses. Previously, Mr Ward served as Senior Vice President and President of Medtronic Neurological and Diabetes, with responsibility for the global Neurological, Neurologic Technologies, Diabetes, Gastroenterology and Urology businesses; Vice President and General Manager of the Medtronic Drug Delivery Business; and Director of Medtronic NeuroVentures.

Scott is Chairman of the Board of Creganna-Tactx Medical and Cardiovascular Systems, Inc. During the year Scott resigned as Chairman of the Board of Surmodics Incorporated.

Listed company directorships held since 1 July 2012:

Company Name	Appointed	Retired/Resigned
ImpediMed Limited	12-Jul-13	-
Surmodics Incorporated (i)	21-Sep-10	06-Mar-15
Cardiovascular Systems Incorporated (i)	13-Nov-13	-

(i) US-based publicly traded company.

Richard Carreon – Executive Director

Richard Carreon was appointed to the Board as Executive Director on 9 May 2015. Rick joined ImpediMed in July 2012 as President and CEO. Rick has more than 30 years of experience in management, sales and marketing, spanning the consumer products and medical technology industries. Rick has more than a decade of executive experience working for Medtronic, a leading global manufacturer of cutting-edge medical devices, and therapies. His roles at Medtronic included Vice President, US Cardiovascular Commercial Operations; Vice President of Sales – Structural Heart; Vice President of Sales and Marketing Medtronic Gastroenterology and Urology; and Vice President of Sales – The Americas.

Rick has a strong sales background, extensive marketing strategy and execution experience, and a proven track record of success. He is renowned for building start-up and high-growth ventures, turning around strategic business units, penetrating new markets and delivering strong and sustainable profits, revenues and market share value. At Medtronic, Rick led strategic direction and tactical planning for several sales organizations within Medtronic's $1.1B Cardiovascular Sector. Rick was handpicked to lead the start-up of Medtronic Gastroenterology and Urology, a high-risk business venture, growing revenues threefold, and building that venture into the fastest growing business in Medtronic to this day.

Listed company directorships held since 1 July 2012:

Company Name	Appointed	Retired/Resigned
ImpediMed Limited	09-May-15	-

Interest in the shares and options of the Group and related body corporate

As at the date of this report, the interests of the current Directors in ImpediMed Limited were:

	Ordinary Shares
C Hirst AO	1,216,924
D Adams	159,000
J Hazel	823,249
M Panaccio	25,238,045
S Ward	225,000
R Carreon	452,858

Company Secretary

Leanne Ralph – Company Secretary

Leanne Ralph was appointed to the position of Company Secretary in January 2015. Ms Ralph has over 15 years' experience in company secretarial roles for various publicly listed and unlisted entities. Ms Ralph is a member of the Governance Institute of Australia and the Australian Institute of Company Directors. Ms Ralph is the principal of Boardworx Australia Pty Ltd, which supplies bespoke outsourced Company Secretarial services to a number of listed and unlisted companies.

Stephen Denaro – Company Secretary

Stephen Denaro resigned as Company Secretary on 7 January 2015. Stephen served as Company Secretary for ImpediMed from September 2009, and previously from March 2003 through April 2008.

Dividends

No dividends were paid or proposed to be paid to shareholders for the year ended 30 June 2015.

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.

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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:

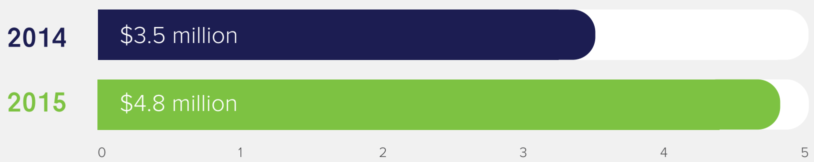
- ImpediMed Limited, the Parent company operating in medical markets in regions outside the US; incorporated in 1999 and listed on the ASX on 24 October 2007.
- ImpediMed, Inc, a Delaware corporation operating in medical markets in North America.
- XiTRON Technologies, Inc, a California corporation operating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

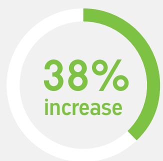
Operating results for the year

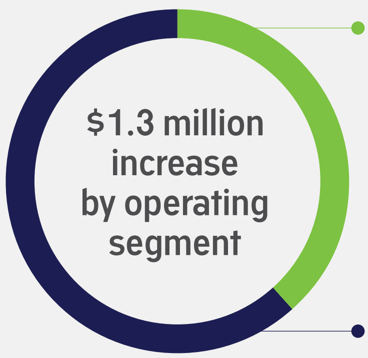
The loss from continuing operations after income tax and the net loss for the year ended 30 June 2015 was $14.8 million (2014: $7.9 million). The increased loss, when compared with the prior year, is primarily attributed to an increase in sales related expenses as the Group began its L-Dex® commercialisation targeted launch in the US.

Revenue related to goods and services

Revenue related to goods and services increased for the year ended 30 June 2015 to $4.8 million (2014: $3.5 million), an increase of $1.3 million, or 38%, year over year.







$0.5 million increase in Medical

The $0.5 million increase in the Medical segment was due to a $0.1 million increase in body composition and veterinary products

$0.8 million increase in Test & Measurement (T&M)

Lymphoedema product revenue

increased by $0.4 million, or 28% year over year.

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The average exchange rate for the reporting period was US dollar (USD) 0.837 to Australian dollar (AUD) $1.00 (2014: USD 0.918). During 2015, the Group incurred an unrealised mark-to-market foreign currency translation gain of $22,000 (2014: $5,000 loss).

The Group sells its products through a mix of employed sales reps and independent distributors. In the U.S. lymphoedema market, the Group uses a mix of outright device sales and placements of its L-Dex U400®. Typically, the device is placed with the customer and revenue is generated through the sale of consumable patient assessments.

Salaries and benefits increased to $9.5 million, an increase of 88% (2014: $5.1 million). The employee headcount at 30 June 2015 was 43 (2014: 30). Salaries and benefits increased in the current year primarily due to the expansion of the US-based sales team, as the Group moved forward with its targeted launch for the commercialisation of L-Dex in the US marketplace.

Research and development expenses increased to $1.0 million, an increase of 158% (2014: $0.4 million). During the current financial year the Group announced the additions of major universities and hospitals that joined the US lymphoedema clinical trial. By 28 April 2015, six major cancer centres had been added to the trial, with enrolment currently taking place in all six centres.

Consultants and professional fees increased to $1.9 million, an increase of 36% (2014: $1.4 million). The increase in the current financial year was primarily due to the Group utilising additional consultants as part of the targeted launch for commercialisation of L-Dex in the US.

Advertising and promotion expenses increased to $1.3 million, an increase of 160% (2014: $0.5 million). The increase in the current financial year was due to increased presence at tradeshows and marketing events in the US for the targeted launch. During the year, L-Dex was featured at a number of events, including a key international conference in the US where four of the US's leading experts in the fields of lymphoedema research, clinical use of L-Dex and reimbursement presented the latest data on the use of ImpediMed's L-Dex technology. 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.

In addition, the increase in advertising and promotion expenses related to the completion of a market research study during the year. The market research study helped provide the Group with an understanding of the commercial opportunities for L-Dex, as part of the targeted launch.

Travel expense increased to $1.1 million in 2015, an increase of 83% (2014: $0.6 million). The increase in the current financial year occurred as the Group expanded the US sales team as part of the US commercialisation project.

In addition, the non-cash expense of share-based payments increased to $1.8 million (2014: $0.7 million) due to the 2015 financial year option and performance rights grants in December 2014.

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Significant changes in the state of affairs

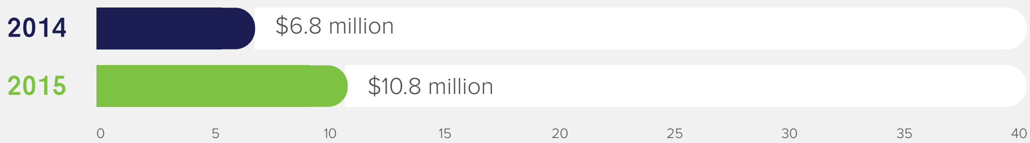
Review of financial condition – liquidity and capital resources

Cash and cash equivalents

Cash and cash equivalents increased to $32.6 million at 30 June 2015 (2014: $10.8 million).

Net cash used in operating activities

Net cash used in operating activities during 2015 was $10.8 million, an increase of $4.0 million (2014 $6.8 million).



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.

L-Dex U400 US launch and commercialisation

US sales personnel

marketing related endeavours

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Cash and cash equivalents increased to $32.6 million at 30 June 2015 (2014: $10.8 million). Net cash used in operating activities during 2015 was $10.8 million, an increase of $4.0 million (2014 $6.8 million). 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.

Raised capital – share issues during the year

Cash flow from financing activities generated $30.7 million in 2015 (2014: $10.6 million). The Group completed a Capital Raise through an underwritten, non-renounceable pro rata entitlement offer ("Entitlement Offer") between November – December 2014. Due to the Entitlement Offer, as well as employee options exercised, issued capital increased to $147.3 million at 30 June 2015 (2014: $116.6 million). Total equity increased to $34.8 million at 30 June 2015 (2014: $13.5 million).

Under the Entitlement offer, eligible shareholders were invited to subscribe for three new shares for every 13 shares held as of 19 November 2014 at an issue price of $0.60 per new share. The issue price represented a 13% discount to the Group's closing share price on 10 November 2014 and a 10% discount to the Group's 30 trading day volume weighted average share price.

The Group received valid applications under the Entitlement Offer for 40,707,891 new fully paid ordinary shares. The balance of 13,519,599 shares, being shares not subscribed for by shareholders in accordance with their pro rata entitlements under the Entitlement Offer, were issued to the underwriter according to the underwriting arrangement described in the Offer Booklet.

The following outlines the capital raised during the years ended 30 June 2015 and 30 June 2014:

- $30.6 million, net of transaction costs, between November – December 2014 through the issue of 54,227,490 ordinary shares under an Entitlement Offer to existing, eligible shareholders at $0.60 per share:
    - 40,707,891 ordinary shares on 20 November 2014 to existing shareholders and
    - 13,519,599 ordinary shares on 10 December 2014 to the Entitlement Offer underwriter.
- $0.1 million, net of transaction costs, from December 2014 – March 2015 through the issue of 387,548 ordinary shares stemming from employees exercising options held under the Employee Share Option Plan (ESOP).

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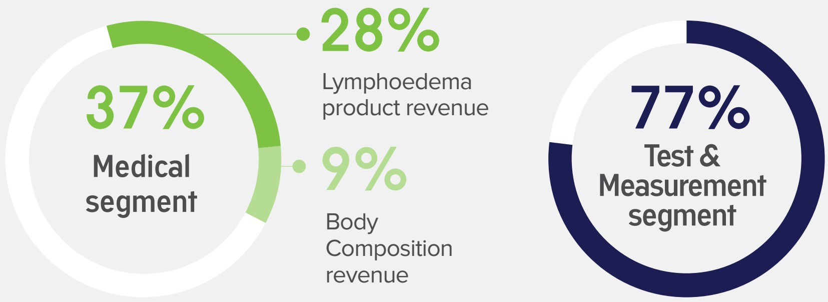
Dynamics of the business

The Parent and its wholly owned subsidiary, ImpediMed, Inc., are the entities that generate the bioimpedance spectroscopy (BIS) revenue for the Group. These companies either sell the L-Dex U400 device to customers or enter into agreements to place the L-Dex U400 device with customers. Customers then order patient assessment consumables based on their individual needs. Pricing for customers will vary depending upon the purchase price of the device and the number of patient assessment consumables being purchased.

Financial year 2015 revenue for the Group increased by 38% over the prior financial year, highlighted by the growth in the US lymphoedema market of 36%.

The Group reported year over year growth across both cash generating units



Under certain agreements, the Group may retain title to the device and carries it in property, plant and equipment, depreciating the device over three years. As the US marketplace business continues to scale up, the investment in L-Dex U400 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.

Revenue is generated through the sale of devices and patient assessment consumables in both the lymphoedema and body composition areas of the medical segment, as well as through device sales and service revenue from the test and measurement segment in XiTRON Technologies, Inc.

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ImpediMed delivered on a number of milestones over the past year and made significant progress in delivering the commercialisation strategy during the year. These achievements include:

- CPT Category I code descriptor for bioimpedance spectroscopy released, granting **L-Dex reimbursement status for all cancer related lymphoedema;**
- **L-Dex awarded a unique, dedicated CPT Category I code** enabling physicians to see reimbursement approximately US$112 per patient assessment;
- **Recruitment of six cancer centres**, ahead of schedule, to participate in the commercial pilot program L-Dex, as part of a targeted commercial launch;
- **Lymphoedema included in the NCCN Guidelines®** for Breast Cancer for the first time, widely recognised as the standard of care in the US;
- **Admission to the S&P/ASX 300 Index.**

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Significant events after the balance date

On 20 July 2015 the Group announced that the National Comprehensive Cancer Network® (NCCN®) Clinical Practice Guidelines in Oncology (NCCN Guidelines®) for Breast Cancer had been published and for the first time acknowledged lymphoedema as a common complication following treatment for breast cancer.

The updated NCCN Guidelines®, which are recognised as the standard for clinical policy in cancer care in the US, recommend breast cancer patients be educated about lymphoedema, monitored for the condition and referred for lymphoedema management as needed.

Lymphoedema's acknowledgement in the NCCN Guidelines® resulted from a review by a multi-disciplinary panel of experts from NCCN member institutions, and was based on requests and clinical data submitted by ImpediMed in June 2014. The newly updated guidelines (version 3.2015) appear on the NCCN website, www.nccn.org.

On 14 July 2015 the Group announced the addition of the sixth major cancer centre to join the US Commercial L-Dex Pilot Program. Previously, on 7 July 2015, the Group announced the addition of the fifth pilot site.

The 14 July 2015 announcement marked the second pilot involving a multi-disciplinary cancer organisation and the sixth of six planned large cancer centre pilots prior to full commercial US launch.

The pilot program activities include integrating a prospective surveillance model for the early detection of cancer related lymphoedema using L-Dex, capturing L-Dex scores in the electronic medical records, and providing education and training for staff, patients, and referring physicians.

On 7 July 2015, the Group issued 2,059,500 share options to employees under the EIP plan, which included 675,000 share options to key management personnel. The options will be expensed beginning July 2015.

Likely developments and expected results

The following are likely developments in the business of the Group expected to impact its financial results in the near-term:

The Group continues to prepare for the full commercial launch of L-Dex in the US, which is scheduled for late calendar year 2015. The strategy is twofold: Apply insights and learnings gained in our pilot program and post-approval trial that will enable a smoother integration of the device into clinical practice; and continue to invest in initiatives that will drive wide-spread awareness of the need to educate and monitor patients for lymphoedema, and ultimately help drive market adoption.

The Group expects Lymphoedema revenue to continue to grow as a result of the continued adoption of its technology by customers and the full commercial launch.

The Group will continue to research and identify additional applications for the BIS technology in a number of other diseases.

The Group expects to continue to generate a net loss in financial year 2016 while it focuses on expansion of its position in the US lymphoedema market through continued investment in the sales and marketing initiatives associated with the full commercial launch and the advancement of the five-year multi-centre clinical trial. The Group expects to fund these losses with current cash and cash equivalents.

Significant risks to the business

The Group continues a proactive approach to risk management. Management, together with the Board and the Audit & Risk Management Committee, continually assess the key risks and their potential effect on the business. The Group undergoes, at minimum, an annual review of the risk management framework in order to determine whether there have been any changes in material business risks faced by the entity.

During the financial year, the Group identified five major risks to the business in the foreseeable future:

- The availability of capital resources
- The reimbursement by insurers to clinicians for the use of L-Dex technology with their patients
- The adoption of our L-Dex technology among US clinicians
- The progress and/or outcome of clinical trials
- The patents' validity

In assessing the availability of capital resources, the Group is continuing to manage its cash position carefully under its operating plan and longer-term strategic plan. The Group may raise additional capital if needed.

In assessing the reimbursement by insurers to clinicians, the Group is continuing the consulting work with reimbursement professionals and key medical supporters. The Group is focused on building reimbursement through endeavours such as increasing clinical evidence, expanding the CPT I code, inclusion in medical and clinical guidelines, and educating carrier-advisory committees. The reimbursement landscape for an emerging technology in the US is an ongoing process and one can expect volatility among payors on coverage and non-coverage over the first few years of commercialisation.

In assessing the adoption of our L-Dex technology, the Group is focused on developing a model for practice integration of the L-Dex device for existing and new accounts. This, together with the value proposition and reimbursement will be critical to the future growth of the business.

In assessing the progress and/or outcomes of clinical trials, the Group continuously monitors key clinical trials which have been published and evaluates potential areas of further research. The outcomes of clinical trials may or may not be favourable.

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The Group uses patents or trademarks to protect its technology and applications from unauthorised use by third parties. The term of patents may expire or may be challenged, invalidated or circumvented. The Group is relying on its patents for commercial protection for its devices.

Healthcare costs have risen significantly during the past decade. There have been and continue to be proposals and enactments by legislators, regulators and third-party payors to keep these costs down. The Medical Device Tax in the US is an example of such policy. This excise tax of 2.3%, which went in to effect in January 2013 in the US, is imposed on manufacturers and importers on the sale of a taxable medical device. The Group is responsible for reporting and paying the tax.

Environmental regulations and performance

The Group's activities are subject to licences and regulations under environmental laws that apply in the jurisdictions of its operations. These licenses specify limits for and regulate the management of moving to lead free components. The Group is supporting the global move towards lead free components in its device electronics and is working with its contract manufacturers to identify lead free replacement parts to substitute into its device designs.

There have been no significant known breaches of the license conditions or other environmental regulations.

ImpediMed has an environmental health and safety management system, which includes regular monitoring, periodic auditing and reporting within the Group. The system is designed to continually improve ImpediMed's performance and systems with training, regular review, improvement plans and corrective action as priorities.

Share options

Details of options granted to key management personnel and exercised during the year are set out in the Remuneration Report.

Unissued shares

As at the date of this report and the reporting date, there were unissued ordinary shares under options and performance rights as outlined below:

	25-Aug-15	30-Jun-15
EIP options (i)	8,829,500	7,195,000
ESOP options (ii)	19,072,206	19,247,207
Total options	27,901,706	26,442,207
EIP performance rights	2,410,000	2,260,000
Total performance rights	2,410,000	2,260,000
	30,311,706	28,702,207

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(i) 2,059,500 share options were issued under the EIP in July 2015, of which 675,000 of those options related to KMP in place as of the end of the current financial year. The movement in the balance since the end of the financial year also relates to the forfeiture of employee options for individuals that have left the Group.

(ii) 7,252,561 options were issued to the CEO in financial year 2013 as part of his hiring package. These options were issued outside of the ESOP plan but are now listed together as no additional options will be issued under the ESOP. The movement in the balance since the end of the financial year relates to the forfeiture of employee options for individuals that have left the Group.

Refer to Note 18 of the financial statements for further details of options and performance rights outstanding and the value of the share-based payments.

Option holders and performance right holders do not have the right, by virtue of the option or performance right, to participate in any share issue of the Group or any related body corporate or in the interest issue of any other registered scheme.

During the financial year, 387,548 ESOP options were exercised. No EIP options were exercised during the year. Refer to Note 18 of the financial statement for further details of option exercised during the year.

During the financial year, 394,968 ESOP options were forfeited and 200,143 ESOP options expired. Refer to Note 18 of the financial statement for further details of option forfeited or expired during the year.

Shares issued as a result of exercise of options

During the financial year, KMP and employees exercised options to acquire 387,548 fully paid ordinary shares in ImpediMed Limited at a weighted average exercise price of $0.35 per share.

Indemnification and insurance of directors and officers

The Group has insured its Directors, Secretary and executive officers for the financial year ended 30 June 2015. Under the Group's Directors' and Officers' Liability Insurance Policy, the Group cannot release to any third party or otherwise publish details of the nature of the liabilities insured by the policy or the amount of the premium.

To the extent permitted by law and subject to the restrictions in section *199A and 199B of the Corporations Act 2001*, the Group indemnifies every person who is or has been an officer of the Group against any liability (other than for legal costs) incurred by that person as an officer of the Group where the Group requested the officer to accept appointment as Director.

To the extent permitted by law and subject to the restrictions in sections *199A and 199B of the Corporations Act 2001*, the Group indemnifies every person who is or has been an officer of the Group against reasonable legal costs incurred in defending an action for a liability incurred by that person as an officer of the Group.

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Indemnification of auditors

To the extent permitted by law, the Group has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Employees

As at 30 June 2015, ImpediMed and its subsidiaries had a total of 43 full and part-time employees (2014: 30 employees).

Diversity

The Board adopted an updated Diversity Policy on 8 May 2015. The Board has the role of overseeing the implementation of this policy and assessing progress in achieving its objectives.

Diversity refers to characteristics that make individuals different from each other. Diversity encompasses differences in backgrounds and experiences, and also differences in approach and viewpoints. It includes factors such as gender, age, ethnicity, cultural background, language, disability and other areas of potential difference.

The diversity policy defines the initiatives which assist the Group with maintaining and improving the diversity of its workforce. To the extent practicable, the Group will address the recommendations and guidance provided in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles).

ImpediMed's commitment to workplace diversity

The Group is committed to creating and ensuring a diverse work environment in which everyone is treated fairly and with respect and where everyone feels responsible for the reputation and performance of ImpediMed. The Board and management of ImpediMed believe that ImpediMed's commitment to this policy contributes to achieving corporate objectives and embeds the importance and value of diversity within the culture of the Group.

Details of the number of management level females of the Group as of:

Level	**30-Jun-15**		30-Jun-14	
	Female	**Total**	Female	Total
Board of Directors	1	6	1	5
Executives	1	5	1	5
Senior Managers	5	9	6	10

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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 Australian-based website under the Investor Relations section:

http://www.impedimed.com.au/investor-relations/corporate-goverance/

Remuneration report (audited)

This remuneration report outlines the director and executive remuneration arrangements of the Group in accordance with the requirements of the *Corporation Act 2001* (the Act) and its Regulations. For the purposes of this report, the key management personnel ("KMP") of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. This information has been audited as required by section 308(3c) of the Act.

Details of the key management personnel of the Group:

Directors	
Cherrell Hirst AO	Chairman, Non-executive Director
David Adams	Non-executive Director
Jim Hazel	Non-executive Director
Michael Panaccio	Non-executive Director
Scott R. Ward	Non-executive Director
Richard Carreon (i)	Managing (Executive) Director and CEO (appointed 9 May 2015)
Executives	
Morten Vigeland	Chief Financial Officer
Catherine Kingsford	Vice President, Regulatory, Clinical Affairs & Intellectual Property
Dennis Schlaht	Vice President, Product Development, Quality & Marketing
Michael Schreiber	Vice President, Global Commercialisation

(i) On 9 May 2015, Richard Carreon was appointed to the Board of Directors as Managing Director and Chief Executive Officer (CEO). Prior to joining the Board, Mr Carreon was the President and CEO of the Group.

Frank Vicini, MD, Chief Medical Officer, is not considered part of the key management personnel for financial statement purposes. Other than noted above, there were no other changes after the reporting date and before the date the financial report was authorised for issue.

The Remuneration Committee of the Board of Directors of the Group is responsible for making recommendations to the Board on the remuneration arrangements for each Non-executive Directors (NED), Executive Directors (ED), the CEO and executives reporting to the CEO.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of maximizing shareholder benefit through the retention of high-quality, high-performing directors and executives. In determining the level and composition of executive remuneration, the Remuneration Committee may also engage external consultants to provide independent advice.

As of the date of this report, the Remuneration Committee comprises three independent NEDs. The primary responsibilities of the Remuneration Committee are to:

- Recommend to the Board of Directors the amount and form of compensation to be paid to the Chief Executive Officer and the at risk component based on his performance.
- Review the CEO's recommendations of the amount and form of compensation to be paid to the executives reporting to the CEO and the at risk component based on their performance.
- Exercise oversight of the remuneration philosophy, plans and practices for all other employees.
- Exercise oversight and recommend to the Board of Directors any compensation pursuant to the Group's equity compensation plans.
- Recommend to the Board of Directors the amount of and form of compensation arrangements for NEDs and EDs.

Additional information on the Remuneration Committee's roles, responsibilities and membership can be seen at www.impedimed.com.au.

Remuneration strategy

The Remuneration Committee reviews the overall remuneration strategies and recommends the nature and amount of remuneration of directors and certain executives. ImpediMed's remuneration strategy is designed to attract, motivate and retain employees, EDs and NEDs in Australia and the US by identifying and rewarding high performers and recognising the contribution of each employee to the continued growth and success of the Group. To this end, key objectives of the Group's reward framework are to:

- Align remuneration with the Group's business strategy;
- Offer an attractive mix of remuneration benchmarked against the applicable market's region and country practices;
- Provide strong linkage between individual and Group performance and rewards;
- Offer remuneration based on internal equity with other employees' and individuals' skills matching the role requirements with their experience and responsibilities;
- Align the interests of executives and shareholders and share the success of the Group with the employees; and
- Support the corporate mission statement, values and policies through the approach of recruiting, organising and managing people.

Remuneration structure

The remuneration structure for NEDs and executives is separate and distinct.

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Remuneration structure of non-executive directors

The maximum aggregate remuneration for NEDs is approved by shareholders. The Remuneration Committee considers the level of remuneration required to attract and retain directors with the necessary skills and experience for the Group's board. This remuneration is reviewed with regard to market practice and director duties and accountability.

NED fees are determined within an aggregate directors' fee pool, approved by shareholders at the annual general meeting (AGM). The maximum aggregate remuneration approved for NEDs was $600,000 as approved by shareholders in 2006. The sum of NEDs' fees paid in 2015 was $445,081 (2014: $441,963). There were no changes in the fee pool during 2015. The increase in fees in the current year is due to two NEDs' fees being paid in USD and translated to AUD on a monthly basis for reporting purposes.

The base fee for the Chairman of the Board is $140,000 per annum and the base fee for Directors is $60,000 per annum. In addition, the subcommittee Chairman additional fee is $15,000 per annum. Board members are paid the per annum fee in the currency of the country within which they reside.

The remuneration of the NEDs and EDs for the year ended 30 June 2015 is detailed in Table 1 of this section of the report.

Remuneration structure of executives and employees

In the financial year 2015, the remuneration structure for executives and employees consisted of the following elements:

- Fixed remuneration or base salary including a comprehensive employee benefits package and
- Variable remuneration – short-term cash incentive (STI) in the form of an annual incentive plan(s) and long-term equity incentive (LTI).

Historically, the Group had targeted fixed remuneration in the 3rd quartile on the basis that high performing employees would achieve remuneration in the 2nd quartile on the basis of STI and LTI payments. During the current period the Group revised its remuneration policies, utilising a number of internal and independent benchmarking studies for KMP remuneration.

Fixed remuneration / base salary

The Group aims to target its fixed remuneration at the 50th percentile for remuneration.

The overwhelming majority of the Group's employees are based in the US and are remunerated according to the laws and norms of that country, which differ in many important respects from Australia. US and Australian employees are awarded options which can have comparatively small present value and which may deliver comparatively large rewards should the Group be successful. In this case the shareholders would have benefited from share price increases. Custom practice in the US is for these options to be seen as part of fixed remuneration and not subject to performance conditions.

ImpediMed aims to set fixed remuneration by reference to market levels for positions of comparable responsibility in both industry and country, based on a formal job evaluation process. Fixed remuneration consists of base salary, superannuation or similar retirement benefits and other entitlement benefits that vary by country and sometimes by state of residence of the employee. Fixed remuneration is not "at risk" as it does not vary with the performance of the Group.

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Executive remuneration costs are reviewed periodically by the Remuneration Committee. This review process consists of a review of Group, business unit and individual performance, relevant comparison of remuneration internally and externally and, where appropriate, external independent advice.

The Group endeavours to set remuneration at a normal range for remuneration of similar positions in similar sized companies. It does this based on comparative market information obtained from the remuneration filings from a comparator group of peer companies and from two proprietary surveys of remuneration at similar sized companies across a wider industry grouping. This material is obtained independent of management by the Remuneration Committee, through its Chairman, from remuneration consultants who have no other role with the Group. Based on the material from these surveys, the Board accepted the recommendation from the Remuneration Committee that the remuneration of certain executives and employees be increased to align them with the benchmark as per the Group's remuneration policy.

The Remuneration Committee hired David Ness, based out of the US, as a remuneration consultant during the year to help complete these surveys. The remuneration consultant was paid $9,000 (2014: nil) for his work. The Board is satisfied that the remuneration recommendation was made free from undue influence by any member of the KMP, as the work was overseen by the Remuneration Committee.

Variable remuneration - Short-term incentives (STI)

The fixed remuneration is supplemented by providing short and long-term incentives to enable all employees to earn further remuneration based on Group performance, team performance and demonstrated individual performance.

Sales personnel earn commission and management by objectives (MBOs) based upon performance compared to sales related targets, such as patient assessment revenue, device revenue and the placement of L-Dex devices. Other employees may earn an STI based on the performance of the Group.

The STIs consist of a set of both financial and non-financial targets for the Group's performance. Those selected represent key drivers for the short-term success of the business and provide a framework for delivering long-term value. There is a minimum level of performance required to earn any of the STIs. The STI award period is the financial year in order to align the timing of individual performance incentives with Group-wide operating and financial targets and related results.

For the current period, STIs were structured based on two separate and distinct six-month STI periods, one for the first half of the financial year and one for the second half of the financial year. STI awards above the targeted goals (for both of the six-month STI periods) were based upon the results of the second half of the financial year. For the year ended 30 June 2015, STI remuneration percentages for eligible employees of the Group ranged from 10% to 50%. Actual STI payments awarded depend on the extent to which specific key performance indicator (KPI) targets are achieved.

For the financial year ended 30 June 2015, the details of the STI Plan Framework and KPI targets were set out as below:

Short-term incentives framework

	Weighting		
Key performance Indicator Targets	**Minimum**	**At Target**	**Maximum**
Corporate goals	20%	40%	60%
Revenue plan	15%	30%	45%
EBITDA plan	15%	30%	45%
Total achievement levels	***50%***	***100%***	***150%***

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Short-term incentives against targets

First half of the financial year	Group / Business Segment	Performance versus targets
Corporate goals (non-financial targets)	Lymphoedema	Between threshold and target
EBITDA plan *(financial target)*	Group	Between target and stretch
Capital raise (non-financial target)	Group	Between target and stretch

Second half of the financial year		
Corporate goals (non-financial targets)	Lymphoedema	Between target and stretch
Revenue plan (financial target)	Group	Between threshold and target
EBITDA plan (financial target)	Group	Between target and stretch

For the year ended 30 June 2015, KMP and eligible employees each achieved 126% of the STI award. STI award payments above target for KMP and employees were paid out in July 2015 using the salaries in place at 30 June 2015. The details of the STI payments to the Chief Executive Officer and other KMP are as set out below:

	Bonus as per-cent of salary	STI Awarded (i)		One-time STI (ii)
Managing Director and Executives	**%**	**%**	**$**	**$**
Richard Carreon – Managing Director and Chief Executive Officer (iii)	50%	126%	315,000	125,952
Morten Vigeland - Chief Financial Officer	40%	126%	174,000	86,967
Catherine Kingsford - Vice President Regulatory, Clinical Affairs & IP (iv)	35%	126%	141,750	64,775
Dennis Schlaht - Vice President Product Development, Quality & Marketing (iv)	35%	126%	139,125	62,376
Mike Schreiber - Vice President Global Commercialisation	35%	126%	133,875	57,916

(i) 10% of base STI was forfeited for the first-half of the current financial year, while 2% of base STI was forfeited for the second-half of the current financial year, as a portion of STI milestones in each respective period were not reached. STIs above target can still be achieved on the components that were fully met.

(ii) The one-time STIs achieved during the year primarily relate to the capital raise in December 2014. At the Board's discretion an STI was awarded to KMP that were directly involved with the successful capital raise. The one-time STI for the Vice President of Global Commercialisation relates to a signing STI stemming from his employment agreement and an additional STI related to the completion of sales milestones in the second-half of the financial year.

(iii) In July 2015, the Board approved the Remuneration Committee's recommendation to increase the STI percentage for the Chief Executive Officer to 60% for the 2016 financial year based on external benchmarking as referred to above.

(iv) In July 2015, the Board approved the Remuneration Committee's recommendation to increase the STI percentage for the Vice President Regulatory, Clinical Affairs & IP and the Vice President Product Development, Quality & Marketing to 40% for the 2016 financial year based on external benchmarking as referred to above.

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Variable remuneration - Long-term incentives (LTI)

The Board offers LTIs to reward the performance of KMP in alignment with shareholders' interests and the long term benefit of the Group. LTI awards made after 30 October 2014 were awarded under the EIP in the form of share options and performance rights. LTI awards prior to 30 October 2014 were awarded under the ESOP and were delivered in the form of share options. Each option entitles the holder to one fully paid ordinary share of ImpediMed Limited at an exercise price set based on the five (5) day Volume Weighted Average Price (VWAP) (fair market value) at close of business when granted. LTIs are granted at the discretion of the Board. The options granted under the EIP generally vest over a four year period. The options granted under the ESOP vest over a three year period, in most cases. Refer to note 18 of the financial report for further details on the LTI awards issued during the year. The performance rights were granted under the EIP for nil consideration and cliff vest after three years.

Where an LTI participant ceases employment prior to vesting in their award, the award is forfeited unless the Board applies its discretion to allow vesting at or post cessation of employment in appropriate circumstances. In the event of a change of control of the Group, the vesting date will generally be brought forward to the date of the change of control if no performance conditions remain outstanding. This is subject to the discretion of the Board of Directors.

Options and performance rights

Options and performance rights were granted under the Employee Incentive Plan to the Managing Director and a number of executives and employees during financial year 2015 as part of their incentive packages. During the year awards were granted for new employees, a global 2015 financial year grant, and a performance grant. Prior to 30 October 2014, options were granted under the Employee Share Option Plan to a number of employees as part of their new hire incentive packages. After 30 October 2014, no additional awards were granted under the ESOP.

The 2015 financial year award grants were issued without restrictions on exercisability tied to the share price. Details in respect of the awards for KMP are provided in Table 2 in this section of the report.

Consequences of performance on shareholder value

ImpediMed Limited has operated as a listed public company since October 2007. The Group is building revenue in its core medical business and has yet to achieve profitability. The measures outlined in the table below are designed for companies larger than ImpediMed. While the Remuneration Committee gives regard to the following indices in respect of the current and prior financial years, executive remuneration is not directly linked to these indices but rather to building the elements necessary to create shareholder wealth through acceptance and use of the Group's products.

Amounts $	**2015**	**2014**	**2013**	**2012**	**2011**
Net loss attributable to equity holders of the parent entity (thousands)	**(14,797)**	(7,935)	(8,464)	(12,342)	(14,822)
Dividends paid	**nil**	nil	nil	nil	nil
Share price at 30 June	**0.87**	0.19	0.09	0.26	0.57
Change in share price	**0.68**	0.10	(0.17)	(0.31)	0.01

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Managing Director and Executive contractual arrangements

Remuneration arrangements for the KMP are formalised in employment contracts. Contracts are generally "at will" and outline the remuneration and other key provisions. At-will employment is a term used in US labour law for contractual relationships where an employee can be dismissed by an employer without cause and warning. Certain KMP have negotiated termination provisions as follows:

	Notice Period	Payment in lieu of notice (i)	Treatment of STI on termination (ii)	Treatment of LTI on termination
Managing Director				
R Carreon	12 months	12 months (iii)	Unvested awards forfeited.	Unvested awards forfeited.
Executives				
M Vigeland	9 months	9 months	Unvested awards forfeited.	Unvested awards forfeited.
C Kingsford	6 months	6 months	Unvested awards forfeited.	Unvested awards forfeited.
D Schlaht	6 months	6 months	Unvested awards forfeited.	Unvested awards forfeited.
M Schreiber	6 months	6 months	Unvested awards forfeited.	Unvested awards forfeited.

(i) Payments are made in lieu of notice only if employment comes to an end for reasons other than resignation or termination with cause.

(ii) Employment through the end of the financial year is required for the award of STI incentives, unless changed at the discretion of the Board.

(iii) Payment includes health and dental insurance coverage paid on his behalf during the notice period.

CEO remuneration

Mr Carreon's fixed remuneration at 30 June 2015 was USD 420,000 (2014: USD 379,619) plus non-monetary health benefits. During the current financial year, the Board approved the Remuneration Committee's recommendation to increase Mr Carreon's fixed remuneration based on the external benchmarking undertaken during the period.

During the 2015 financial year, the Board issued 2,048,000 share options to Mr Carreon at an exercise price of $0.69 per share in the Group as part of the EIP. The options were granted on 4 December 2014 as part of the 2015 employee grant and consisted of a mix of incentive stock options (ISO) and nonstatutory stock options (NSO). Subject in all cases to continuous employment with the Group, during the 48 month period after the date of grant, the options will incrementally vest on each monthly anniversary of the date of grant in an amount equal to the product of 1/48th multiplied by the number of total options granted above.

All options which have not vested shall automatically lapse and be forfeited without consideration upon cessation of Mr Carreon's employment with the Group.

During the 2015 financial year, the Board also issued 912,000 performance rights to Mr Carreon at nil exercise price per share in the Group as part of the EIP. The performance rights had a fair market value of a share on the date of grant of $0.69. The offer of granted performance rights are USA Incentives and are subject to the terms and conditions of issue set out in the performance rights certificate, the ImpediMed Limited Employee Incentive Plan, and the EIP's Appendix A.

Subject in all cases to the Participant's continuous employment with the Group, the performance rights will fully vest on the third anniversary of the date of grant. All outstanding unvested performance rights shall fully vest on an accelerated basis immediately before a change of control event. If Mr Carreon 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 the third anniversary of the date of grant.

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During the 2014 financial year, the Board issued 1,917,666 share options to Mr Carreon at an exercise price of $0.21 per share in the Group as part of the ESOP. The options, granted on 24 April 2014 as part of the 2014 employee grant, are cliff vesting and therefore require continuous employment through vesting date, for each respective tranche. The options vest over a three (3) year period; one-third each at 30 June 2014, 2015 and 2016, respectively.

In the event an offer is made to purchase all the shares in the Group, vesting of these options and performance rights will fully accelerate.

Remuneration of directors and key management personnel of the Group

Table 1: Remuneration of KMP for the years ended 30 June 2015 (i)

30 June 2015			Short-term	Post-employment	Share-based	Total	Performance related	
	Salaries & fees	STI Awards	Non-monetary (ii)	Superannuation	LTI Awards (iii)		STI	Options
	$	$	$	$	$	$	%	%
Directors								
C Hirst	140,000	-	-	4,827	-	144,827	-	-
D Adams	71,564	-	-	-	-	71,564	-	-
J Hazel	75,000	-	-	7,125	-	82,125	-	-
M Panaccio	75,000	-	-	-	-	75,000	-	-
S Ward	71,564	-	-	-	-	71,564	-	-
R Carreon	484,047	440,952	15,750	18,196	719,177	1,678,122	26	43
Executives								
M Vigeland	331,374	260,967	16,713	13,255	249,989	872,298	30	29
C Kingsford	314,741	206,525	15,997	12,590	200,517	750,370	28	27
D Schlaht	311,256	201,501	22,763	10,889	155,149	701,558	29	22
M Schreiber	304,696	191,791	21,575	3,286	129,198	650,546	29	20
	2,179,242	**1,301,736**	**92,798**	**70,168**	**1,454,030**	**5,097,974**		

Table 1: Remuneration of KMP for the years ended 30 June 2014 (i)

30 June 2014	Short-term			Post-employment	Share-based	Total	Performance related	
	Salaries & fees	STI Awards	Non-monetary (ii)	Superannuation	LTI Awards (iii)		STI	Options
	$	$	$	$	$	$	%	%
Directors								
C Hirst AO	140,000	-	-	4,444	-	144,444	-	-
D Adams (iv)	42,463	-	-	-	-	42,463	-	-
M Bridges (v)	27,312	-	-	4,050	-	31,362	-	-
G Brown (vi)	220,000	-	-	-	-	220,000	-	-
J Hazel	75,000	-	-	6,938	-	81,938	-	-
M Kriewaldt (vii)	2,466	-	-	228	-	2,694	-	-
M Panaccio	75,000	-	-	-	-	75,000	-	-
S Ward (iv)	64,063	-	-	-	-	64,063	-	-
Executives								
R Carreon (iv) (viii)	409,799	161,293	10,697	13,731	419,791	1,015,311	16	41
M Vigeland (iv)	217,832	64,382	6,557	9,036	54,385	352,192	18	15
C Kingsford (iv)	206,201	61,491	13,654	8,436	28,467	318,249	19	9
D Schlaht (iv)	206,201	61,491	18,575	8,696	28,102	323,065	19	9
M Schreiber (iv)	224,182	89,234	18,906	1,927	31,318	365,567	24	9
	1,910,519	**437,891**	**68,389**	**57,486**	**562,063**	**3,036,348**		

(i) The figures in Table 1 represent the amounts expensed in the relevant reporting period.

(ii) Non-monetary benefits for US based employees include the payment of certain health and disability related insurance premiums as is customary in the US market.

(iii) The fair value of the equity-settled share options granted under the EIP plan are estimated as at the date of grant using the Black Scholes option valuation model, while share options granted under the ESOP schemes are estimated as at the date of grant using either the Black Scholes option valuation model or the Monte Carlo Simulation (if there is a restriction on the share price for exercisability of the option). The fair value of equity-settled performance rights granted under the EIP plan are calculated at the date of grant using the five day weighted average share price from the close of business on the date of grant.

(iv) Certain Directors and Executives are based in the US and are paid in USD. The total compensation is therefore translated for financial reporting purposes to AUD on a monthly basis. The translation of compensation from USD to AUD caused a translation effect in increasing the applicable expense related compensation when compared to the prior reporting period. The average AUD to USD exchange rate for the current period was $0.84, while the average exchange rate for the prior reporting period was $0.92. Share-based compensation includes the expense during the financial year of all awards regardless of the financial year awarded.

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(v) M Bridges retired as a Director on 11 November 2013.

(vi) G Brown resigned as a Director on 30 September 2013. In the financial year ended 30 June 2014, G Brown's salaries and fees included fees paid to him as a consultant under a consulting agreement entered into as part of his transition from Executive Director to an executive sales consultant role.

(vii) M Kriewaldt retired as a Director on 12 July 2013.

(viii) R Carreon was appointed Managing Director and CEO on 9 May 2015. In 2014, Mr Carreon was listed under KMP as an Executive.

Refer to page 12, details of key management personnel, for dates of new appointments and resignations.

Table 2: Remuneration awards: granted, vested, and lapsed during the year

(a) Options

	Granted	Terms and Conditions for each Grant				Vested	Lapsed
30 June 2015	**No.**	**Grant date**	**Value per option at grant date**	**Exercise price per option**	**Expiry date for options vested during year**	**Number of options**	**Number of options**
			$	**$**			
Managing Director							
R Carreon (i)		09-Jul-12	0.1766	0.3500	09-Jul-22	1,813,140	
R Carreon		24-Jun-13	0.0567	0.1100	30-Jun-20	139,367	
R Carreon		24-Apr-14	0.1150	0.2100	30-Jun-20	639,222	
R Carreon (ii)	2,048,000	04-Dec-14	0.3781	0.6900	04-Dec-21	256,000	
Executives							
M Vigeland		24-Jun-13	0.0567	0.1100	30-Jun-20	279,800	
M Vigeland		23-Sep-13	0.1277	0.1900	31-Dec-19	100,000	
M Vigeland		24-Apr-14	0.1150	0.2100	30-Jun-20	94,950	
M Vigeland	988,000	04-Dec-14	0.3781	0.6900	04-Dec-21	123,500	
C Kingsford		24-Jun-13	0.0567	0.1100	30-Jun-20	279,800	
C Kingsford		24-Apr-14	0.1150	0.2100	30-Jun-20	69,950	
C Kingsford	835,000	04-Dec-14	0.3781	0.6900	04-Dec-21	104,375	
D Schlaht		18-Jun-08	0.4003	0.7159	31-Dec-14		(13,750)
D Schlaht		17-Dec-09	0.4137	0.7798	31-Dec-14		(31,000)
D Schlaht		24-Jun-13	0.0567	0.1100	30-Jun-20	279,800	
D Schlaht		24-Apr-14	0.1150	0.2100	30-Jun-20	69,950	
D Schlaht	655,000	04-Dec-14	0.3781	0.6900	04-Dec-21	81,875	
M Schreiber		01-Jul-13	0.0900	0.1100	30-Jun-20	233,333	
M Schreiber		24-Apr-14	0.1150	0.2100	30-Jun-20	58,333	
M Schreiber	535,000	04-Dec-14	0.3781	0.6900	04-Dec-21	66,875	
	5,061,000					**4,690,270**	**(44,750)**

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(b) Performance rights

	Granted		Terms and Conditions for each Grant			Vested
30 June 2015	**No.**	**Grant date**	**Value per perf right at grant date**	**Exercise price per perf right**	**Expiry date for perf rights vested during year**	**Number of options**
			$	**$**		
Managing Director						
R Carreon	912,000	04 Dec 14	0.6900	-	04 Dec 17	-
Executives						
M Vigeland	432,000	04 Dec 14	0.6900	-	04 Dec 17	-
C Kingsford	360,000	04 Dec 14	0.6900	-	04 Dec 17	-
D Schlaht	240,000	04 Dec 14	0.6900	-	04 Dec 17	-
M Schreiber	160,000	04 Dec 14	0.6900	-	04 Dec 17	-
	2,104,000			**-**		**-**

(i) Certain options granted during the past financial year have a ten-year exercise period.

(ii) All options granted during this financial year have a seven-year expiry date from the date of issue.

Table 3: Remuneration awards: awards held by key management personnel

(a) Options

30 June 2015	Held at the start of period	Granted during period	Exer-cised during period	Options from other changes (i)	Held at the end of period	Options vested and exercisable	Options vested and unex-ercisable
	No.	**No.**	**No.**	**No.**	**No.**	**No.**	**No.**
Managing Director							
R Carreon	9,588,327	2,048,000	-	-	11,636,327	7,240,869	-
Executives							
M Vigeland	1,549,250	988,000	-	-	2,537,250	1,477,800	-
C Kingsford	1,303,833	835,000	(36,667)	-	2,102,166	1,301,591	-
D Schlaht	1,387,751	655,000	(24,000)	(44,750)	1,974,001	1,330,926	-
M Schreiber	875,000	535,000	-	-	1,410,000	650,207	-
	14,704,161	**5,061,000**	**(60,667)**	**(44,750)**	**19,659,744**	**12,001,393**	**-**

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(b) Performance rights

30 June 2015	Held at the start of period	Granted during period	Exer-cised during period	Perf rights from other changes	Held at the end of period	Perf rights vested and exercisable	Perf rights vested and unexercisable
	No.	No.	No.	No.	No.	No.	No.
Managing Director							
R Carreon	-	912,000	-	-	912,000	-	-
Executives							
M Vigeland	-	432,000	-	-	432,000	-	-
C Kingsford	-	360,000	-	-	360,000	-	-
D Schlaht	-	240,000	-	-	240,000	-	-
M Schreiber	-	160,000	-	-	160,000	-	-
	-	**2,104,000**	**-**	**-**	**2,104,000**	**-**	**-**

(i) Options from other changes include expired or lapsed options.

Table 4: Shareholdings of key management personnel

30 June 2015	Held at the start of period	Granted as remunera-tion	On exercise of options	Net change other (i)	Held at the end of period	Held nominally
	No.	No.	No.	No.	No.	No.
Directors						
C Hirst AO	1,055,591	-	-	161,333	1,216,924	1,216,924
D Adams	125,000	-	-	34,000	159,000	159,000
J Hazel	755,933	-	-	67,316	823,249	823,249
M Panaccio	25,059,435	-	-	178,610	25,238,045	25,238,045
S Ward	225,000	-	-	-	225,000	225,000
R Carreon	452,858	-	-	-	452,858	452,858
Executives						
M Vigeland	246,024	-	-	-	246,024	246,024
C Kingsford	126,924	-	36,667	-	163,591	163,591
D Schlaht	251,306	-	24,000	-	275,306	275,306
	28,298,071	**-**	**60,667**	**441,259**	**28,799,997**	**28,799,997**

(i) All shareholding movements during the period related to shares purchased by the Directors through the open market or the Entitlement Offer and not through compensation.

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Modifications of remuneration options

There were no modifications of remuneration options for key management personnel in the current or prior year.

Lapse of remuneration options

The value of options forfeited during the year is calculated at the market price of shares of the Group on the ASX as at close of trading on the date the options were forfeited after deducting the price payable to exercise the option. During the year D Schlaht had 44,750 (31,000 at $0.7798 and 13,750 at $0.7159) options lapse. There were no other KMP options that lapsed or forfeited during the period.

Shares issued on exercise of remuneration options

387,548 shares were issued during the year ended 30 June 2015 (30 June 2014: nil) on the exercise of remuneration options:

2015	
Number	**Exercise price $**
102,132	0.1100
131,915	0.2100
53,000	0.4800
15,000	0.6652
59,751	0.6977
25,750	0.7616
387,548	

Other transactions and balances with key management personnel and their related parties

Purchases

For the year ended 30 June 2015, there were no transactions with Directors occurred that would be considered related party transactions.

In the prior year, David Adams was paid $8,000 as a consultant to the Group prior to joining the Board in November 2013.

Directors’ meetings

The number of meetings of directors (including the meetings of committees of directors) held during the year and the number of meetings attended by each director are detailed in the table below. This includes meetings attended on invite of the committee, when not a member of a respective committee.

		Meetings of Committees (i)		
	Directors’ Meetings	**Audit/ Risk**	**Remuneration**	**Nomination**
Number of meetings held:	13	2	7	1
Number of meetings attended:				
C Hirst AO	13	2	7	1
D Adams	13	2	-	1
J Hazel	12	2	-	1
M Panaccio	12	-	7	1
S Ward	11	-	6	1
R Carreon (ii)	2	-	-	-

(i) A Directors’ attendance at a committee meeting is only included if the Director is a member of the committee.

(ii) R Carreon was appointed as an Executive Director on 9 May 2015 and only eligible to attend two meetings during the financial year as a Director.

Committee membership

At the date of this report, the Group had an Audit and Risk Committee, a Remuneration Committee and a Nomination Committee of the Board of Directors.

Members acting on the committees of the Board as of the date of this report are:

	Audit and Risk Committee	**Remuneration Committee**	**Nomination Committee**
C Hirst AO	Member	Member	**Chairman**
D Adams	Member	-	Member
J Hazel	**Chairman**	-	Member
M Panaccio	-	**Chairman**	Member
S Ward	-	Member	Member
R Carreon (appointed 9 May 2015) (i)	-	-	-

(i) As an Executive Director, R Carreon will not sit on any Committees.

Rounding

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.

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Auditors’ independence declaration and non-audit services

The directors received the declaration on page 41 from the auditor of the Company and have resolved the auditor is independent.

Non-audit services

No non-audit services were provided.

Signed in accordance with a resolution of the directors.

Cherrell Hirst AO
Chairman
Brisbane, 26 August 2015

Jim Hazel
Director

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working world

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

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Auditor's Independence Declaration to the Directors of ImpediMed Limited

In relation to our audit of the financial report of ImpediMed Limited for the financial year ended 30 June 2015, 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
26 August 2015

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Financial Statements

Consolidated Statement of Comprehensive Income

For The Year Ended 30 June 2015

	Notes	2015	2014
		$000	$000
Continuing operations			
Sale of goods	4	**4,608**	3,289
Rendering of services		**236**	232
Finance income	4	**83**	57
Revenue		**4,927**	3,578
Cost of goods sold		**(1,324)**	(968)
Gross Profit		**3,603**	2,610
Other income	5	**265**	19
Salaries and benefits	6	**(9,485)**	(5,074)
Research and development	6	**(1,035)**	(401)
Administrative and governance	6	**(1,312)**	(1,318)
Consultants and professional fees	6	**(1,902)**	(1,448)
Depreciation and amortisation	6	**(148)**	(112)
Advertising and promotion	6	**(1,296)**	(477)
Rent and property expenses		**(248)**	(259)
Travel expenses		**(1,140)**	(566)
Share-based payments	18	**(1,803)**	(654)
IT and other expenses		**(296)**	(255)
Loss from continuing operations before income tax		**(14,797)**	(7,935)
Income tax	19	**-**	-
Loss from continuing operations after income tax		**(14,797)**	(7,935)
Net loss for the period		**(14,797)**	(7,935)
Other comprehensive income (loss)			
Items that may be reclassified to profit or loss:			
Foreign currency translations		**3,543**	(273)
Other comprehensive (loss) gain for the period, net of tax		**3,543**	(273)
Total comprehensive loss for the period		**(11,254)**	(8,208)

		2015	2014
		$	$
Basic and diluted loss per share	1	**(0.06)**	(0.04)

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

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Consolidated Balance Sheet

As at 30 June 2015

	Notes	as at 30 June 2015 $000	as at 30 June 2014 $000
ASSETS			
Current assets			
Cash and cash equivalents	7	**32,582**	10,812
Trade and other receivables	8	**633**	445
Inventories	9	**1,638**	1,132
Other current assets		**265**	351
Total current assets		**35,118**	12,740
Non-current assets			
Other financial assets	10	**93**	50
Property and equipment	11	**298**	203
Intangible assets	12	**40**	41
Goodwill	12	**2,368**	1,924
Total non-current assets		**2,799**	2,218
TOTAL ASSETS		**37,917**	14,958
LIABILITIES			
Current liabilities			
Trade and other payables	13	**1,462**	994
Provisions	14	**1,514**	342
Total current liabilities		**2,976**	1,336
Non-current liabilities			
Provisions	14	**104**	90
Total non-current liabilities		**104**	90
TOTAL LIABILITIES		**3,080**	1,426
NET ASSETS		**34,837**	13,532
EQUITY			
Issued capital	15	**147,349**	116,593
Reserves	16	**11,159**	5,813
Accumulated losses		**(123,671)**	(108,874)
TOTAL EQUITY		**34,837**	13,532

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

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Consolidated Cash Flow Statement

For The Year Ended 30 June 2015

	Notes	2015	2014
		$000	$000
Cash flows from operating activities			
Receipts from customers (inclusive of GST and US sales tax)		**4,840**	3,603
Payments to suppliers and employees (inclusive of GST and US sales tax)		**(15,931)**	(10,471)
Interest received		**80**	66
Other receipts		**254**	-
Net cash flows used in operating activities	7	**(10,757)**	(6,802)
Cash flows from investing activities			
Purchase of property and equipment		**(132)**	(32)
Proceeds from the sale of property and equipment		**-**	-
Purchase of intangible assets		**-**	-
Net cash flows used in investing activities		**(132)**	(32)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**32,672**	11,185
Transaction costs from capital raising		**(2,010)**	(599)
Other proceeds from financing activities		**-**	-
Net cash flows from financing activities		**30,662**	10,586
Net increase (decrease) in cash and cash equivalents		**19,773**	3,752
Net foreign exchange differences		**1,997**	(256)
Cash and cash equivalents at beginning of period		**10,812**	7,316
Cash and cash equivalents at end of period	7	**32,582**	10,812

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

Consolidated Statement of Changes in Equity

For The Year Ended 30 June 2015

	Notes	Issued capital	Reserves	Accumulated losses	Total
		$000	**$000**	**$000**	**$000**
At 30 June 2013		106,101	5,432	(100,939)	10,594
Loss for the period		-	-	(7,935)	(7,935)
Other comprehensive income	6	-	(273)	-	(273)
Total comprehensive loss for the period		-	(273)	(7,935)	(8,208)
Equity transactions:					
Share-based payment		-	654	-	654
Allotment of ordinary shares		11,185	-	-	11,185
Costs of capital raising		(693)	-	-	(693)
At 30 June 2014		**116,593**	**5,813**	**(108,874)**	**13,532**
Loss for the period		**-**	**-**	**(14,797)**	**(14,797)**
Other comprehensive loss	6	**-**	**3,543**	**-**	**3,543**
Total comprehensive loss for the period		**-**	**3,543**	**(14,797)**	**(11,254)**
Equity transactions:					
Share-based payment		**-**	**1,803**	**-**	**1,803**
Allotment of ordinary shares		**32,672**	**-**	**-**	**32,672**
Costs of capital raising		**(1,916)**	**-**	**-**	**(1,916)**
At 30 June 2015		**147,349**	**11,159**	**(123,671)**	**34,837**

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

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Notes to the Financial Statements

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1. Earnings per share (EPS)

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

	2015	2014
	$000	$000
Net loss used in calculating basic and diluted earnings per share	**(14,797)**	(7,935)
	No.	No.
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	**268,288,850**	195,605,935
	$	$
Basic and diluted loss per share	**(0.06)**	(0.04)

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

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 financial year ended 30 June 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 financial year 2015 there were 26,442,207 (2014: 19,404,866) options and 2,260,000 (2014: nil) performance rights on issue.

2. Dividends paid and proposed

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

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3. Segment reporting

(a) Operating segments

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer (whom is the Chief Operating Decision Maker) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management according to the nature of the products and services provided, as the Group's risks and returns are affected predominantly by differences in the products produced and services provided. Discrete financial information about each of these operating businesses is reported to the Chief Executive Officer on at least a monthly basis. The Chief Executive Officer reviews the Medical Segment revenue information categorised by the segment's two product lines, Lymphoedema and Body Composition. Thus, consistent with the prior year, we have included the product line information as part of the medical segment revenue disclosure.

Types of products and services

Medical

The Medical segment is a supplier of non-invasive medical devices to two under-served markets: (1) aiding in the subclinical assessment of individuals at risk of secondary lymphoedema and (2) the monitoring of body composition and hydration. The medical cash generating unit (CGU) is the core business of the Group and is the main strategic operating segment.

Test & Measurement

The Test & Measurement segment is a supplier of power precision testing and measuring equipment.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 29 and are consistent with the prior period.

Segment results, assets and liabilities include items directly attributable to a segment and certain allocated corporate charges. Corporate charges comprise non-segmental expenses such as general overhead, group insurance and office expenses. Corporate charges are allocated to each business segment on a proportionate basis linked to segment headcount and the allocation of employee time between each segment in order to determine a segmental result.

Inter-entity sales are recognised based on internally set transfer prices. The prices aim to reflect what the business operation could achieve if they sold their output and services to external parties at arm's length.

Segment loans are initially recognised at the consideration received excluding transaction costs.

Major customers

The Group has a number of customers to which it provides both products and services. In the Medical segment, no one customer accounts for more than 10% of the Group's revenues. In the Test & Measurement segment, the Group had sales of $502,000 to one customer, which represented 10.4% of the Group's revenue for the current financial year. The Group does not believe there is inherent risk for future financial years that would stem from reliance on revenue growth from this one customer.

Segment results

On a monthly basis the Chief Executive Officer assesses the performance of each segment by analysing the segment's net operating profit / (loss) before depreciation and amortisation, finance cost, and tax (EBITDA). Segment revenues, segment expense and segment results include transfers between business segments. Those transfers are eliminated upon consolidation.

Year ended 30 June 2015	Medical				
	Lymphoedema	Body Composition	Total Medical	Test & Measurement	Total
	$000	$000	$000	$000	$000
Revenue					
Device revenue	605	798	1,403	1,632	3,035
Consumable revenue	1,383	125	1,508	7	1,515
Operating lease revenue	40	13	53	5	58
Rendering of services	15	33	48	188	236
Total segment revenue	2,043	969	3,012	1,832	4,844
Unallocated revenue – finance income					83
Total consolidated revenue					4,927
Results					
Segment results			(14,764)	32	(14,732)
Depreciation and amortisation expenses			(134)	(14)	(148)
Finance costs			-	-	-
Total segment loss before income tax			(14,898)	18	(14,880)
Income tax expense					-
Net loss for the period					(14,880)
Unallocated results					83
Total consolidated net loss for the period					14,797
Assets and liabilities					
Segment assets			36,304	1,613	37,917
Unallocated assets					-
Total assets			36,304	1,613	37,917
Segment liabilities			2,239	300	2,539
Unallocated liabilities					541
Total liabilities					3,080
Other segment information					
Capital Expenditure			132	0	132
Write-down in value of inventories			5	2	7

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Year ended 30 June 2014	Medical				
	Lymphoe-dema	Body Com-position	Total Medical	Test & Mea-surement	Total
	$000	**$000**	**$000**	**$000**	**$000**
Revenue					
Device revenue	458	672	1,130	857	1,987
Consumable revenue	1,060	174	1,234	1	1,235
Operating lease revenue	60	5	65	2	67
Rendering of services	16	40	56	176	232
Total segment revenue	1,594	891	2,485	1,036	3,521
Unallocated revenue – finance income					57
Total consolidated revenue					**3,578**
Results					
Segment results			(7,771)	(110)	(7,881)
Depreciation and amortisation expenses			(104)	(8)	(112)
Finance costs			-	-	-
Total segment loss before income tax			(7,875)	(118)	(7,993)
Income tax expense					-
Net loss for the period					(7,993)
Unallocated results					58
Total consolidated net loss for the period					**(7,935)**
Assets and liabilities					
Segment assets			14,121	837	14,958
Unallocated assets					-
Total assets			14,121	837	**14,958**
Segment liabilities			952	167	1,119
Unallocated liabilities					307
Total liabilities					**1,426**
Other segment information					
Capital Expenditure			5	27	32
Write-down in value of inventories			2	2	4

(b) Geographical information

The following tables present revenue and profit / (loss) information and certain asset and liability information regarding geographical segments for the years ended 30 June 2015 and 2014. Revenue data is based on the location of the customer for geographical reporting purposes.

Australia/Rest of World (ROW)

Australia is the corporate home office of the Group and the domicile of its research and product development activities, contract manufacturing of devices and corporate services. It primarily sells and ships Medical CGU products to customers located in Australia and the rest of the world excluding the US.

North America

The Group's North American office serves as an operational hub and the domicile of its main assets and executive personnel. The operational hub is located in San Diego, California. It sells and ships Medical CGU products to customers located in the US and test and measurement products and services to customers located throughout the world.

Year ended 30 June 2015	Australia/ ROW	North America	Total
	$000	$000	$000
Revenue			
Device revenue	1,084	1,951	3,035
Consumable revenue	233	1,282	1,515
Operating lease revenue	5	53	58
Service revenue	50	186	236
Total segment revenue	**1,372**	**3,472**	**4,844**
Unallocated revenue			83
Total consolidated revenue			**4,927**
Other segment information			
Non-current assets	**52**	**2,747**	**2,799**

Year ended 30 June 2014	Australia/ ROW	North America	Total
	$000	$000	$000
Revenue			
Device revenue	957	1,030	1,987
Consumable revenue	260	975	1,235
Operating lease revenue	10	57	67
Service revenue	55	177	232
Total segment revenue	**1,282**	**2,239**	**3,521**
Unallocated revenue			57
Total consolidated revenue			**3,578**
Other segment information			
Non-current assets	28	2,190	2,218

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4. Revenue

	2015	2014
	$000	$000
Sale of goods		
Device revenue	**3,035**	1,987
Consumable revenue	**1,515**	1,235
Operating lease revenue	**58**	67
	4,608	3,289
Finance income		
Interest income – bank deposits	**83**	33
Interest income – term deposits	**-**	24
	83	57

5. Other income

	2015	2014
	$000	$000
R&D tax incentive (i)	**253**	-
Proceeds from tax refunds and other rebates	**12**	19
	265	19

(i) During the current financial year the Group received payment for two years of research & development (R&D) tax credits 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 received the financial year 2013 ($128,000) and 2014 ($125,000) financial year credits during this financial year due to the timing of lodging returns and payment from the tax office.

6. Expenses

Salaries and benefits

	2015	2014
	$000	$000
Wages and salaries	5,920	3,491
Performance & sales bonus	2,738	1,057
Superannuation	222	149
Annual leave & long service leave	184	124
Other employee benefits	467	253
Sub-total salaries and benefits	**9,531**	5,074
Share-based payments to employees	1,788	639
Total salaries and benefits	**11,319**	5,713

Research and development

	2015	2014
	$000	$000
Clinical trials	634	22
Registry costs	378	337
Research & development	23	42
Total research and development	**1,035**	401

Administrative and governance fees

	2015	2014
	$000	$000
Directors fees	445	497
Governance and regulatory fees	448	407
Insurance	200	209
Administrative expenses	219	205
Total administrative and governance fees	**1,312**	1,318

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Consulting and professional fees

	2015	2014
	$000	$000
Professional fees	**317**	83
Consulting fees	**1,038**	846
Patent and trademark fees	**547**	519
Total consulting and professional fees	**1,902**	1,448

Depreciation and amortisation included in statement of comprehensive income

	2015	2014
	$000	$000
Depreciation of property and equipment	**75**	48
Depreciation of demo and loan devices	**40**	44
Amortisation of leasehold improvements	**24**	12
Amortisation of patents and licenses	**2**	2
Amortisation of software	**7**	6
	148	112
Depreciation of operating lease and PSA devices (i)	**34**	70
Total depreciation and amortisation	**182**	182

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

Advertising and promotion expenses

	2015	2014
	$000	$000
Tradeshows, sponsorships and donations	**682**	280
Market research study	**421**	-
Other advertising and promotion expenses	**193**	197
Total advertising and promotion expenses	**1,296**	477

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7. Current assets - cash and cash equivalents

	2015	2014
	$000	$000
Cash at bank and in hand	**32,582**	10,812
Short term deposits	**-**	-
Cash and cash equivalents	**32,582**	10,812

Reconciliation from net loss after tax to net cash flow from operations

	2015	2014
	$000	$000
Net loss after tax	**(14,797)**	(7,935)
Adjustments for:		
Depreciation and amortisation expense	**182**	182
Share-based payment expense	**1,757**	654
Amounts set aside to provisions	**9**	3
Unrealised foreign currency (gain) loss	**(22)**	5
Changes in net assets and liabilities:		
Decrease /(increase) in assets:		
Inventories	**(330)**	175
Fixed assets	**(96)**	(23)
Receivables	**101**	7
Other current and non-current assets	**85**	(5)
(Decrease)/increase in liabilities		
Current payables	**1,311**	97
Other current & noncurrent liabilities	**1,043**	38
Net cash used in operating activities	**(10,757)**	(6,802)

8. Current assets - trade and other receivables

	2015	2014
	$000	$000
Trade receivables	**628**	440
Allowance for impairment loss	**(9)**	(5)
Interest receivable	**7**	4
Tax and other receivables	**7**	6
	633	445

Allowance for impairment loss on current assets

Trade receivables are non-interest bearing and are generally on 30-90 day terms, based upon customer. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired.

Movements in the provision for impairment loss were as follows:

	2015	2014
	$000	$000
At 1 July	**5**	7
Charge for the year	**6**	5
Amounts reversed	**-**	(7)
Amounts written off (included in administrative and governance expenses)	**(4)**	-
Foreign exchange translation	**1**	-
At 30 June	**8**	5

The remaining receivables past due but not considered impaired are considered immaterial by management.

As at 30 June, the ageing analysis of trade receivables is as follows:

			Past due but not impaired		
	Total	**Neither past due nor impaired**	**< 30 days**	**30-60 days**	**> 61 days**
2015	**619**	**480**	**69**	**47**	**23**
2014	435	273	105	12	45

See note 26(c) on credit risk of trade receivables, which discusses how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

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Fair value and credit risk

Due to the short-term nature of these receivables, the carrying value is assumed to approximate its fair value.

The maximum exposure to credit risk is the fair value of the receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

9. Current assets - inventories

	2015	2014
	$000	$000
Raw Materials (at cost)	816	816
Sub-assemblies (at cost)	408	254
Finished Goods (at cost)	675	263
Provision for obsolete inventory (i)	(261)	(201)
Total inventories at the lower of cost and net realisable value	1,638	1,132

(i) Due to the nature of many of the test & measurement division products, there are both custom and catalogue components in the product bills of materials that need to be purchased in minimum lot sizes that may be held in component inventory for extended periods of time. While the parts are still currently used, the Group has reviewed the usage of each part and provided an obsolescence provision against those parts that have minimal usage rates. The catalogue components do typically have value on the electronics parts clearance markets, and it is possible that the Group may liquidate some of the slow moving excess in the test and measurement division inventory at an amount at or above the carrying value.

Inventory write-downs recognised as an expense in cost of sales totalled $7,000 (2014: $4,000) for the Group.

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10. Non-current assets - other financial assets

	2015	2014
	$000	$000
Deposits - premise leases (i)	**62**	50
Restricted cash (ii)	**31**	-
Carrying amount of non-current assets	**93**	50

(i) The deposits on the premise leases are held until the shorter of (1) the conclusion of the lease or (2) the voluntary release date by the landlord.

(ii) During the period the Group extended the premise lease on the Australian office an additional two years, making the restricted cash a non-current asset.

Fair values

Details regarding fair values are disclosed in note 27.

Interest rate risk

Details regarding interest rate risk exposure are disclosed in note 26(a).

Credit risk

The maximum exposure to credit risk at the reporting date is the higher of the carrying value or fair value of each class of receivables. No collateral is held as security.

11. Non-current assets – property and equipment

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Reconciliation of carrying amounts at the beginning and end of the period

Year ended 30 June 2015	Leased, Demo & Loan Devices	Leasehold Im-provements	Property & Machinery	Computer Equipment	Total
	$000	$000	$000	$000	$000
At 1 July 2014 net of accumulated depreciation	95	37	59	12	203
Additions	120	13	-	136	269
Disposals	(17)	-	-	-	(17)
Depreciation charge for the year	(74)	(24)	(40)	(35)	(173)
Effect of foreign exchange	2	4	9	1	16
At 30 June 2015 net of accumulated depreciation	**126**	**30**	**28**	**114**	**298**
At 30 June 2015					
Cost or fair value	758	171	316	326	1,571
Accumulated depreciation (i)	(632)	(141)	(288)	(212)	(1,273)
Net carrying amount	**126**	**30**	**28**	**114**	**298**

Reconciliation of carrying amounts at the beginning and end of the period

Year ended 30 June 2014	Leased, Demo & Loan Devices	Leasehold Im-provements	Property & Machinery	Computer Equipment	Total
	$000	$000	$000	$000	$000
At 1 July 2013 net of accumulated depreciation	191	26	110	7	334
Additions	20	24	3	11	58
Disposals	(5)	-	(9)	-	(14)
Depreciation charge for the year	(114)	(12)	(42)	(6)	(174)
Effect of foreign exchange	3	(1)	(3)	-	(1)
At 30 June 2014 net of accumulated depreciation	**95**	**37**	**59**	**12**	**203**
At 30 June 2014					
Cost or fair value	833	150	279	172	1,434
Accumulated depreciation	(738)	(113)	(220)	(160)	(1,231)
Net carrying amount	**95**	**37**	**59**	**12**	**203**

(i) During the financial year, the Group disposed of assets that were previously under lease agreements and had a remaining value of $14,000. Both the device cost and accumulated depreciation were reduced by the amortised values.

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12. Non-current assets - intangible assets and goodwill

Reconciliation of carrying amounts at the beginning and end of the period

Year ended 30 June 2015	Software	Patents and Licenses	Goodwill	Total
	$000	**$000**	**$000**	**$000**
At 1 July 2014 net of accumulated amortisation and impairment	20	21	1,924	1,965
Amortisation	(7)	(2)	-	(9)
Effect of foreign exchange	4	4	444	452
At 30 June 2015 net of accumulated amortisation and impairment	**17**	**23**	**2,368**	**2,408**
At 30 June 2015				
Cost (gross carrying amount)	298	32	2,368	2,698
Accumulated amortisation and impairment	(281)	(9)	-	(290)
Net carrying amount	**17**	**23**	**2,368**	**2,408**

Reconciliation of carrying amounts at the beginning and end of the period

Year ended 30 June 2014	Software	Patents and Licenses	Goodwill	Total
	$000	**$000**	**$000**	**$000**
At 1 July 2013 net of accumulated amortisation and impairment	26	23	1,985	2,034
Amortisation	(6)	(2)	-	(8)
Effect of foreign exchange	-	-	(61)	(61)
At 30 June 2014 net of accumulated amortisation and impairment	**20**	**21**	**1,924**	**1,965**
At 30 June 2014				
Cost (gross carrying amount)	251	27	1,924	2,202
Accumulated amortisation and impairment	(231)	(6)	-	(237)
Net carrying amount	**20**	**21**	**1,924**	**1,965**

Description of the Group's intangible assets and goodwill

Software

The Group's software intangible includes employee personal productivity PC software tools and the Group's investment in its Enterprise Resource Planning (ERP) system and Customer Relationship Management (CRM) system.

Software costs are carried at cost less accumulated amortisation and accumulated impairment losses. The intangible asset has been assessed as having a finite life and is amortised using the straight line method over a period of four years. The amortisation has been recognised in the statement of comprehensive income in the line item "depreciation and amortisation". If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

Impairment tests for goodwill and intangible assets with indefinite useful lives

Patents and licenses

The Group holds three licences and numerous patents. All patents and licences are carried at cost less accumulated amortisation and impairment losses. These intangible assets have been determined to have a finite life and are amortised using the straight line method over a useful life of between five and twenty years. The amortisation has been recognised in the statement of comprehensive income in the line item "depreciation and amortisation". Patents and licences are subject to impairment testing whenever there is an indication of impairment.

No impairment loss has been recognised for the years ended 30 June 2015 or 2014.

Goodwill

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever an indication of impairment arises.

Description of the Group's cash generating units (CGUs)

For the purposes of impairment testing, the Group has allocated the goodwill to the Medical CGU which comprises the business supplying bioimpedance and bioimpedance spectroscopy devices for use by clinicians and allied health professionals. The key focus of the Medical CGU is devices for the subclinical assessment of lymphoedema in cancer survivors, though it also takes in devices used in body composition, and other areas of fluid status measurement. The Medical CGU is the core business of the Group and the part of the business forecasting substantial growth. There was no impairment in financial years 2015 and 2014.

Relationship of the intangible assets with the CGUs

The only intangible asset in the Group with an indefinite useful life is goodwill.

The goodwill has been allocated to the Medical CGU and arose from the acquisition of XiTRON in 2007. The goodwill is aligned to the objectives of the acquisition which were to eliminate the risk of legal action for infringement of XiTRON's patent and to establish a base in the US for the Medical CGU to service and support the Group's medical business.

Therefore in undertaking impairment testing, it is the Medical CGU which has been assessed.

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Details of Impairment testing

Impairment testing has been performed by calculating the value in use of the CGU. This has been prepared using a discounted cash flow forecast for the CGU for ten years and analysed to the net present value (NPV) of cash flows noting no impairment is required.

A ten-year forecast has been used because the Medical CGU is creating new markets, and working through commercialisation milestones in the near term and therefore a ten-year forecast is appropriate to reflect the value of the Medical CGU. Over the ten-year forecast a year-over-year average revenue growth rate of roughly 30% (2014: 30%) is calculated.

The calculation of a value in use for the Medical CGU is most sensitive to:

1) increased revenue arising from the following factors / considerations:
- product acceptance and rate of adoption (by clinicians), particularly in the US;
- progress in having a Category I CPT reimbursement code accepted by US healthcare payers to reimburse physicians for the use of the L-Dex test;
- progress in having US customers adhere to the NCCN Guidelines® to ensure cancer patients are monitored for lymphoedema and referred for lymphoedema management as needed; and
- the continuation of an environment where there are no cleared competitive products in the US lymphoedema clinical assessment market;

2) ability to sell products at amounts in excess of both cost of sales and general operating costs; and

3) the ability of the Group to have cash funding sufficient to execute the current business plan.

All assumptions used in the calculation are based on budgets and forecasts and consider the size of markets available to the Group. Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

In calculating the value in use, a discount rate of 20% pre-tax has been used in financial years 2015 and 2014.

13. Current liabilities - trade and other payables

	2015	2014
	$000	$000
Trade payables and accruals (i)	1,131	767
Deferred revenue	32	21
Employee related payables (ii)	152	93
Sales tax and other payables	147	113
Carrying amount of trade and other payables	**1,462**	994

(i) The Group has elected to combine trade payables and accruals as one line item (Trade payables and accruals) for all current liabilities that are known and due. Other current liabilities that are based on accounting estimates are listed as Sales tax and other payables.

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(ii) Employee related payables include expense reimbursements and commissions due to employees.

Trade payables and accruals are non-interest bearing and normally settle on 30-90 days terms. Sales tax and other payables are non-interest bearing and normally have longer payment terms.

Fair value

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in note 26.

14. Provisions

	2015	2014
	$000	$000
Current		
Employee benefits (i)	**1,490**	307
Warranty provision	**24**	27
Office lease - make good provision	**-**	8
	1,514	342
Non-current		
Deferred rent liability	**20**	17
Employee benefits	**62**	62
Office lease - make good provision	**22**	11
	104	90

(i) For the current financial year ended 30 June 2015, the provision for employee benefits includes performance pay due and payable. In the prior financial year, performance pay was paid in the last month of the financial year and therefore the expense was not carried in the provision for employee benefits.

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Movements in provisions

Movements in each class of provision during the financial year, other than provisions relating to employee benefits, are set out below:

	Warranty provision	Deferred rent liability	Make good provision
	$000	$000	$000
At 1 July 2014	27	17	19
Arising during the year	46	10	8
Utilised	(49)	(10)	(8)
Exchange differences	-	3	3
At 30 June 2015	**24**	**20**	**22**

	Warranty provision	Deferred rent liability	Make good provision
	$000	$000	$000
At 1 July 2013	26	8	32
Arising during the year	23	16	3
Utilised	(22)	(6)	-
Unused amounts reversed	-	-	(15)
Exchange differences	-	(1)	(1)
At 30 June 2014	**27**	**17**	**19**

Nature and timing of provisions

Employee benefits

Employee benefits comprise accrued entitlements for annual leave, performance pay and superannuation contributions (all current) and for long service leave (non-current). Refer to note 29(q) for the relevant accounting applied in the measurement of this provision.

Warranty provision

A provision for warranty is recognised for expected warranty claims on products sold during the last year, based on past experience of the level of repairs and returns and on the one-year warranty period for all products sold. It is expected that these costs will be incurred during the next financial year.

Deferred rent

A provision for deferred rent is recognised for fixed increases in office leases and for rent free periods for the term of the leases at the Group's three office locations.

Make good provision

To comply with office lease agreements, the Group must restore leased premises at its three corporate offices in Brisbane, Carlsbad and San Diego to the original condition at the end of each's respective lease term. Because of the nature of the liability, the greatest uncertainty in estimating the provision is the cost that will ultimately be incurred. The provision has been calculated using pre-tax discount rates of 5.2% for the Brisbane and 1% for both Carlsbad and San Diego offices.

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15. Contributed equity

Ordinary shares

	2015	2014
	$000	$000
Ordinary shares fully paid	**147,349**	116,593
	147,349	116,593

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.

	Number of Shares	**$000**
At 1 July 2013	181,314,055	106,101
Issued during the period as a result of:		
Issue of ordinary shares	57,358,747	11,185
Transactions costs	-	(693)
At 30 June 2014	238,672,802	116,593
Issued during the period as a result of:		
Issue of ordinary shares	**54,615,038**	**32,672**
Transactions costs	**-**	**(1,916)**
At 30 June 2015	**293,287,840**	**147,349**

Capital management

	2015	2014
	$000	$000
Total borrowings (i)	**1,462**	994
Less cash and cash equivalents	**(32,582)**	(10,812)
Net debt	**(31,120)**	(9,818)
Total equity	**34,837**	13,532
Total capital	**3,717**	3,714
Net Debt to Equity Ratio	**n/a**	n/a

(i) Trade and other payables

There are no externally imposed capital requirements on the Group. When managing capital, management's objective is that the entity continues as a going concern, as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management and the Directors will from time to time evaluate the Group's capital structure with a view to optimising its cost of capital.

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16. Reserves

Movements in other reserves

	Performance share reserve	Share options reserve	Foreign currency translation	Total
	$000	$000	$000	$000
At 1 July 2013	289	4,919	224	5,432
Foreign currency translation	-	-	(273)	(273)
Share-based payment	-	654	-	654
At 30 June 2014	289	5,573	(49)	5,813
Foreign currency translation	-	-	**3,543**	**3,543**
Share-based payment	**253**	**1,550**	**-**	**1,803**
At 30 June 2015	**542**	**7,123**	**3,494**	**11,159**

The Group currently maintains two long-term incentive plans for share-based payments, under which there are additional sub-plans and schemes. All options issued under either of the long-term incentive plans must be issued with an exercise price no less than fair market value. The actual exercise price will be determined by a committee of Directors, which is generally determined to be the Parent's volume weighted average stock price over the five days prior to the option grant. No options provide dividend or voting rights to the holders. Further details on share-based payments are provided in Note 18.

At 30 June 2015 there were 28,702,207 (30 June 2014: 19,404,866) unissued ordinary shares in respect of 26,442,207 (30 June 2014: 19,404,866) unlisted options, 2,260,000 (30 June 2014: nil) performance shares and nil (30 June 2014: nil) listed options.

Nature and purpose of reserves

Share option reserve and performance share reserve

The share option and performance share reserves are used to record the value of share-based payments provided to employees and participants, including KMP, as part of their remuneration. Refer to Note 18 for further details of these plans.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

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17. Key management personnel (KMP)

Compensation of key management personnel

	2015	2014
	$	$
Short-term employee benefits (i)	**3,573,776**	2,416,799
Post-employment benefits	**70,168**	57,486
Share-based payment	**1,454,030**	562,063
Total compensation (ii)	**5,097,974**	3,036,348

(i) Short-term employee benefits include salaries and wages, short-term incentives earned during the period, other one-time short-term incentives, and non-monetary benefits such as insurance benefits.

(ii) All KMPs are based in the US and are paid in USD. The total compensation is therefore translated for financial reporting purposes to AUD on a monthly basis. The translation of compensation from USD to AUD caused a translation effect in increasing the applicable expense related compensation when compared to the prior reporting period. The average AUD to USD exchange rate for the current period was $0.84, while the average exchange rate for the prior reporting period was $0.92.

For additional detail related to the compensation of key management personnel please refer to the accompanying Directors' Report.

Interests held by key management personnel

Share options and performance rights held by KMP, under the EIP and ESOP to purchase ordinary shares, have the following expiry dates and exercise prices:

Issue date	**Expiry date**	**Exercise price**	**2015**	2014
2008	2015	$0.72	**53,166**	106,333
2010	2015	$0.78	**104,501**	156,751
2011	2016	$0.70	**50,000**	50,000
2012	2017	$0.48	**405,000**	405,000
2013	2018	$0.11	**2,936,300**	2,936,300
2013	2019	$0.11	**700,000**	700,000
2013	2023	$0.35	**7,252,561**	7,252,561
2014	2018	$0.19	**300,000**	300,000
2014	2019	$0.21	**2,797,216**	2,797,216
2015	2021	$0.69	**5,061,000**	-
2015 (Performance rights)	2018	-	**2,104,000**	-
			21,763,744	14,704,161

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18. Share-based payment plans

Recognised share-based payment expenses

The expense recognised for share-based payments during the year is shown in the table below:

	2015	2014
	$000	$000
Expense arising from equity-settled share-based payment transactions – employees (i)	**1,535**	639
Expense arising from equity-settled share-based payment transactions – consultants (i)	**15**	15
Expense arising from equity-settled performance rights payment transactions – employees	**253**	-
Total expense arising from share-based payment transactions	**1,803**	654

(i) Share option grants to employees and consultants that were expensed during the year were valued under either the Black Scholes Model or the Monte Carlo valuation method. Under both valuation methods, a higher share price at the date of grant will often lead to a higher value per option. Options granted to employees and consultants during the year had a grant price ranging from $0.44 to $0.69, whereas in the prior year the range was $0.18 to $0.26. The higher grant prices on options granted during the year therefore led to higher valuations per option and a larger expense obligation for the period. Performance rights granted during the period were valued using the fair value of the share price on the date of issue.

The share-based payment plans are described below. During the current financial year the Group began using a new share plan, entitled the Employee Incentive Plan (EIP).

Stakeholders and industry participants expect that the Group's remuneration framework should provide competitive and appropriate remuneration so that the company can attract and retain skilled employees and motivate them to improve Group performance. On 30 October 2014, shareholders of ImpediMed approved the EIP, which included a US Sub-Plan, for issuing and maintaining employee share option schemes.

The Employee Incentive Plan replaced the Employee Share Option Plan (ESOP) for any grants after 30 October 2014 for both Australian based participants and US based participants. Under the EIP, participants are eligible to receive Shares, Options or Performance Rights, which will help to align the interests of employees (participants) with those of the Group and its Members.

The Australian ESOP was adopted during the financial year ending 30 June 2004 and was extended in June 2008. The US ESOP was adopted during the financial year ending 30 June 2008. No further issues were made under either of the ESOPs effective 30 October 2014. Outstanding options at that date that resided under the ESOPs remain under that plan, but any outstanding options under the ESOPs that are cancelled or forfeited do not become available under the EIP nor return to the available option pool.

(a) Types of share-based payment plans

Employee incentive plan (EIP)

On 30 October 2014 the Board resolved to establish the Employee Incentive Plan. In addition the Board resolved to establish the US Sub-Plan as a means of providing incentives to employees, consultants and executive or non-executive directors of ImpediMed, Inc.

Purpose of the EIP and the US Sub-Plan

The purpose of the new plan is to provide a long-term incentive for employees to work with commitment toward enhancing the value of the Group and the shares for the benefit of shareholders, and retain and attract employees whose contributions are, or may be, beneficial to the growth and development of the Group.

Issue of options excluded from Group's 15% limit under ASX Listing Rule 7.1

Under ASX Listing Rule 7.1, subject to certain exceptions, a company must not issue more than 15% of the company's total issued capital without shareholder approval. An exception is provided in ASX Listing Rule 7.2 (exception 9) where holders of ordinary securities approve the issue of securities under an employee incentive scheme as an exception to ASX Listing Rule 7.1.

Limits on Incentives to be issued under the Plan

The Board will not issue incentives which, once exercised or vested, result in Shares being issued under this Employee Incentive Plan, including any sub-plan, which comprise more in aggregate than 5% of the Group's issued capital at the issue date.

EIP plan terms and conditions

Incentives under the EIP include a Share, an Option, or a Performance Right. Incentives are granted to eligible employees of and collaborators with (collectively known as Participants) the Group at the discretion of the Board of Directors. In granting the incentives, which are issued for nil consideration, the Directors evaluate potential participants with respect to their abilities, experience, responsibilities and their contribution to the Group.

Unless otherwise determined by the Board, an incentive held by a Participant will lapse upon the first to occur of:

- its expiry date;
- the Participant failing to meet the Incentive's vesting conditions with the prescribed period;
- if the Participant ceases to be employed by the Group due to resignation or retirement:
    - for vested options, 30 days after the date of cessation of employment (or such longer period as the Board determines); and
    - for unvested Incentives, the date of cessation of employment (or such longer period as the Board determines)
- if the Participant ceases to be employed by the Group due to retrenchment, or the Participant's death, permanent illness or permanent physical or mental incapacity (as certified by a medical practitioner who is approved in writing by the Board):
    - for vested options, 12 months after the date of cessation of employment (or such longer period as the Board determines); and
    - for unvested Incentives, the date of cessation of employment (or such longer period as the Board determines)
- if the Participant ceases to be employed by the Group for any other reason:
    - for vested options, 30 months after the date of cessation of employment (or such longer period as the Board determines); and
    - for unvested Incentives, the date of cessation of employment (or such longer period as the Board determines)

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- a determination by the Board that the participant:
  - has been dismissed or removed from office as an employee or director of the Group for any reason which entitles the Group to dismiss the Participant without notice, or
  - acted fraudulently, dishonestly or in breach of the participant's obligations to the Group.

If at any time or times prior to the exercise by the participant or vesting of any outstanding Incentives, there is any reconstruction (including a consolidation, subdivision, reduction, cancellation or return) of the issued capital of the Group, the terms of Incentives and the rights of the participant will be amended by the Board to the extent necessary to comply with the ASX Listing Rules at the time of the reconstruction.

An Incentive is personal to the Participant to whom it was granted, and the Participant may not sell, assign, transfer or otherwise dispose of, or make a declaration of trust in respect of, an Incentive except to an Associate of that Participant. This does not prevent the exercise of the Incentive by the estate of a deceased Participant.

The contractual life of each Incentive granted is specified by the participant's Incentive agreement. There are no cash settlement alternatives. The Incentive issued under the plan cannot be transferred and are not quoted as tradeable instruments on the ASX.

US Sub-Plan

The US Sub-Plan is effective for a period of ten years from the date of its adoption by the Board, unless terminated earlier by the Board.

The maximum number of Shares which may be issued under the US Sub-Plan is 15 million Shares. However, as stated above, the Board will not issue Incentives under this plan which, once exercised or vested, result in Shares being issued which comprise more than 5% of the Group's issued capital at the issue date.

The exercise price of an Option will not be less than the fair market value of a Share on the date of grant of the Option.

The Group's obligation to issue securities under the US Sub-Plan is subject to any restrictions in the Corporations Act or the ASX Listing Rules.

Share options

Share options are issued to eligible participants under the EIP. The Group issued 7,245,000 (2014: nil) share options to participants under the EIP during the current year.

For existing employees and consultants, share options issued during the period generally vest incrementally on each monthly anniversary of the date of grant in an amount equal to the product of 1/48th multiplied by the number of total options granted (with the monthly amounts rounded up and/or down to the nearest whole number).

For new employees and consultants, share options issued during the period generally vest on the one-year anniversary of the date of grant or of employment in an amount equal to the product of one-fourth multiplied by the number of total options granted. During the 36 month period after the one-year anniversary of the date of grant or of employment, the options will incrementally vest on each monthly anniversary of the date of grant or of employment in an amount equal to the product of 1/48th multiplied by the number of total options granted above (with the monthly amounts rounded up and/or down to the nearest whole number).

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All then outstanding unvested Options shall fully vest on an accelerated basis as of immediately before a Change of Control Event.

Performance shares

Performance shares (or Performance Rights) are issued to eligible participants under the EIP in recognition of their contribution to the performance of the Group and are often subject to meeting individual performance hurdles. The Group issued 2,260,000 (2014: nil) performance rights to employees under the EIP during the current year.

All performance rights are issued at the discretion of the Board of Directors and are issued for nil consideration. The performance rights granted during the year vest in full on the third anniversary of the grant date. In the event of a change of control, all outstanding unvested performance rights fully vest on an accelerated basis immediately.

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 the third anniversary of the date of grant.

Performance rights which have not vested shall automatically lapse and be forfeited without consideration upon cessation of the participant's employment with the Group.

The fair value of performance shares is measured by using the weighted average stock price for ImpediMed Limited over the five working days prior to the grant date multiplied by the number of eligible shares. The number of eligible shares is measured using a combination of the probability of future service and the achievement of specific goals.

Employee share option plans (ESOP)

The Group has two schemes under the ESOP it operated, one for eligible Australian participants and one for eligible US participants.

5% limit under ASIC class order 03/184

The ESOP for the Australian employees follows the 5% limit under the ASIC class order 03/184 in relation to the total amount of shares that may be issued to Australian employees. One of these conditions is that the number of options offered to an eligible employee in Australia, when added to the number of securities previously issued under any employee incentive scheme (including options previously issued under the option plan and shares under an employee share plan) to Australian employees over the last five years (but excluding options that have since lapsed), is less than 5% of the total number of shares on issue at the time of the offer (5% limit). The class order also sets out a number of exceptions where the issue of securities in certain circumstances are excluded from the 5% limit calculation.

One relevant exception to the 5% limit calculation is the offer or issue of securities to persons outside Australia at the time they receive the offer. Accordingly, options offered to employees in the US under the Group's US ESOP are excluded from the 5% limit calculation.

Issue of options excluded from Group's 15% limit under ASX Listing Rule 7.1

At the Group's November 2013 AGM, shareholders approved the issue of options under both the Australian ESOP and the US ESOP for the next three years for the purpose of exception 9 of ASX Listing Rule 7.2.

ESOP schemes terms and conditions

Share options are granted to eligible employees of and collaborators with the Group at the discretion of the Board of Directors. In granting the options, which are issued for nil consideration, the Directors evaluate potential participants with respect to their abilities, experience, responsibilities and their contribution to the Group.

When a participant ceases to be eligible to continue participating in the plan prior to vesting their share options, the unvested share options are forfeited. The participant has 30 days to exercise vested options after cession of employment.

In the event of a change of control of the Group, at the discretion of the Board of Directors, all options vest immediately.

The contractual life of each option granted is specified by the stock option agreement not to exceed ten years from the date of grant. There are no cash settlement alternatives. The options issued under the plan cannot be transferred and are not quoted as tradeable instruments on the ASX.

Share options issued during the period generally vest in three tranches at the first, second and third anniversary dates of the grant or vest in three tranches at the end of the first, second and third years from grant.

The only shares options issued under the ESOP plan related to new hires of the Group hired between July and October 2014. Share options issued to new employees under this plan during the period vest in three tranches at the end of the three consecutive financial years starting 30 June 2015. Options from a tranche, once vested, may be exercised for a term of five years to ten years.

Chief executive option plan

Options issued under the chief executive option plan are issued outside the EIP and ESOP schemes when the Chief Executive is also a member of the Board of Directors. There were no options issued under the chief executive option plan during the current or prior year. All CEO option grants are subject to approval by the shareholders.

Options issued to the CEO were issued under the EIP or ESOP, except for the issuance of 7,252,561 options upon hiring. Those options were issued outside of any existing option schemes upon shareholder approval at the 2012 AGM. For additional information on option grants, refer to the CEO Remuneration section of the Directors' Report.

(b) Summary of options and performance rights

Employee incentive plans (EIP)

The following table illustrates the number of shares (Number) and weighted average exercise price (WAEP) of share options under the EIP plans:

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Share options

	2015		2014	
	Number	**WAEP $**	Number	WAEP $
Balance at the beginning of the year	**-**		-	
Granted during the year (i)	**7,245,000**	**0.68**	-	
Forfeited during the year	**(50,000)**	**0.85**	-	
Balance at the end of the year	**7,195,000**	**0.67**	-	
Exercisable at 30 June 2015 (ii)	**818,125**	**0.69**	-	

Performance rights

	2015		2014	
	Number	**WAEP $** (iii)	Number	WAEP $
Balance at the beginning of the year	**-**		-	
Granted during the year	**2,260,000**	**-**	-	
Balance at the end of the year	**2,260,000**	**-**	-	
Exercisable at 30 June 2015	**-**		-	

(i) Incentives granted on or after 30 October 2014 were granted under the Employee Incentive Plan.

(ii) Options for existing employees granted during the year vested on a monthly basis.

(iii) Exercise price is nil as performance rights are issued for nil consideration.

Employee share option plans (ESOP)

The following table illustrates the number of shares (Number) and weighted average exercise price (WAEP) of share options under the ESOP schemes:

	2015		2014	
	Number	**WAEP $** (i)	Number	WAEP $ (i)
Balance at the beginning of the year	**19,404,866**	**0.29**	17,375,079	0.36
Granted during the year (ii)	**825,000**	**0.44**	4,636,091	0.21
Forfeited during the year	**(394,968)**	**0.31**	(2,567,968)	0.65
Exercised during the year (iii)	**(387,548)**	**0.38**	-	
Expired during the year	**(200,143)**	**0.72**	(38,336)	0.70
Balance at the end of the year	**19,247,207**	**0.29**	19,404,866	0.29
Exercisable at 30 June 2015	**14,965,314**	**0.29**	5,808,966	0.26

(i) Following the 2012 rights issues all outstanding options were re-priced pursuant to ASX Listing Rule 6.22 resulting in a reduction in exercise price of all outstanding options by approximately 1.8 cent per option.

(ii) Incentives granted before 30 October 2014 were granted under the ESOP. After 30 October 2014, no additional incentives will be granted under that plan.

(iii) Employees of the Group exercised options during the year. The weighted average share price of all options exercised was $0.78.

The year-end balance is represented by:

	Number of awards	Exercise price $	Expire date
EIP Share options	6,545,000	0.6900	04-Dec-21
	50,000	0.8450	08-May-22
	600,000	0.4600	10-Nov-22
	7,195,000		

	Number of awards	Exercise price $ (i)	Expire date
EIP Performance rights	2,260,000	-	04-Dec-18
	2,260,000		

(i) Exercise price is nil as performance rights are issued for nil consideration.

	Number of awards	Exercise price $ (i)	Expire date
ESOP	180,000	0.7865	10-Dec-15
	127,117	0.7798	31-Dec-15
	158,535	0.7159	31-Dec-15
	16,667	0.7000	31-Dec-16
	15,000	0.6000	31-Dec-16
	132,117	0.7798	31-Dec-16
	180,000	0.7900	31-Dec-16
	50,000	0.4800	30-Jun-17
	30,000	0.6000	30-Jun-17
	300,000	0.4500	30-Jun-17
	16,667	0.7000	31-Dec-17
	96,000	0.4800	30-Jun-18
	4,172,534	0.1100	30-Jun-18
	16,666	0.7000	31-Dec-18
	135,000	0.4800	31-Dec-18
	450,000	0.1800	31-Dec-18
	700,000	0.1100	30-Jun-19
	306,400	0.2600	30-Jun-19
	547,500	0.4800	30-Jun-19
	3,614,443	0.2100	30-Jun-19
	250,000	0.4400	30-Jun-20

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	Number of awards	Exercise price $ (i)	Expire date
	250,000	0.4400	30-Jun-22
	7,252,561	0.3500	08-Jul-22
	19,247,207		
	28,702,207		

(i) Following the 2012 rights issues all outstanding options at that time were re-priced pursuant to ASX Listing Rule 6.22 resulting in a reduction in exercise price of all outstanding options by approximately 1.8 cents per option.

Chief Executive Option Plan

The following table illustrates the number of shares (Number) and weighted average exercise price (WAEP$) of share options under the Chief Executive Option Plan:

	2015		2014	
	Number	**WAEP $**	Number	WAEP $
Balance at the beginning of the year	-		1,492,557	0.88
Expired during the year	-		(1,492,557)	0.88
Balance at the end of the year	-		-	
Exercisable at 30 June	-		-	

There were no options issued under the Chief Executive Option Plan during the current year. Options issued to the Chief Executive Officer during the current year were issued under the Employee Incentive Plan and during the prior year were issued under the Employee Share Option Plan.

(c) Weighted average remaining contractual life

Employee share option plans

The weighted average remaining contractual life for the share options outstanding as at 30 June 2015 is 5.6 years (2014: 6.7 years). The weighted average remaining contractual life for the performance rights outstanding as at 30 June 2015 is 3.4 years.

Chief executive option plan

There were no share options outstanding at 30 June 2015 under the CEO plan (2014: nil).

(d) Range of exercise prices

Employee share option plans

The range of exercise prices for options outstanding as at 30 June 2015 is $0.11-0.85 (2014: $0.11-0.77). The performance rights are issued at nil exercise price.

Chief executive option plan

There were no options outstanding under the chief executive option plan as at 30 June 2015 (2014: nil).

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(e) Weighted average fair value

Employee incentive plan (EIP)

The weighted average fair value of options granted during the year was $0.40 (2014: nil).

Employee share option plan (ESOP)

The weighted average fair value of options granted during the year was $0.26 (2014: $0.12).

Chief executive option plan

There were no options granted under the CEO plan in financial year 2015 (2014: nil).

(f) Option pricing model

The fair value of the equity-settled share options granted under the EIP and ESOP schemes is estimated as at the date of grant using either the Black Scholes option valuation model or the Monte Carlo Simulation if there is a restriction on the share price for exercisability of the option – taking into account the terms and conditions upon which the options were granted.

The following tables list the inputs in the models used for the financial years ended 30 June 2015 and 30 June 2014:

	EIP	EIP	**ESOP**	ESOP
	Issue 2015	Issue 2014	**Issue 2015**	Issue 2014
Expected volatility (%)	**75**	-	**75**	73-77
Risk free interest rate (%)	**2.7-3.0**	-	**3.0**	3.6-3.9
Expected life of option (years)	**6 - 8**	-	**8**	8
Option exercise price ($)	**0.46-0.85**	-	**0.44**	0.18-0.26
Option share price ($)	**0.46-0.85**	-	**0.44**	0.18-0.26
Calculated fair value ($)	**0.23-0.55**	-	**0.23-0.28**	0.11-0.18

Performance rights are valued at the share price on the date of issue using the five day weighted average share price.

The dividend yield for all tranches was nil. The weighted average share price for all tranches at grant date was $0.65 in financial year 2015 (2014: $0.21).

The effects of early exercise have been incorporated into the calculations by using an expected life for the option that is shorter than the contractual life based on management's expectation of exercise behaviour, which is not necessarily indicative of exercise patterns that may occur in the future.

The expected volatility rate was determined using a sample of industry averages based on historical share prices. The resulting expected volatility therefore reflects the assumption that the industry averages are indicative of future trends, which may not necessarily be the actual outcome.

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19. Income tax

Income tax expense

The major components of income tax are:

	2015	2014
	$000	$000
Current income tax		
Current income tax benefit	**-**	-
Deferred income tax		
Relating to origination and reversal of temporary differences	**-**	-
Income tax benefit reported in the Statement of Comprehensive Income	**-**	-

Tax losses

The Group has tax losses in Australia of $44.0 million (2014: $42.0 million) and tax losses in the US of USD $49.0 million (2014: USD $40.0 million) that are available for offset against future taxable profits of the companies in which the losses arose, subject to satisfying the relevant income tax loss carry forward rules. No deferred tax asset has been recorded in relation to these tax losses.

Statement of comprehensive income disclosure

	2015	2014
	$000	$000
A reconciliation between tax expense and the		
accounting profit before income tax multiplied by the		
Group's applicable tax rate is as follows:		
Accounting profit/(loss) before income tax	**(14,797)**	(7,935)
At Australia's statutory income tax rate of 30%	**(4,440)**	(2,380)
Adjustment for current income tax of previous years		
Expenditure not allowable for income tax purposes	**784**	287
Other assessable income	**-**	-
Non assessable income	**(76)**	-
Other deductible expenses	**(162)**	(128)
Foreign tax rate adjustment	**(1,099)**	(616)
Tax losses not recognised	**4,993**	2,837
Income tax reported in the statement of comprehensive income	**-**	-

Deferred tax disclosures

	Balance Sheet		Statement of Comprehensive Income	
	2015	2014	**2015**	2014
	$000	$000	**$000**	$000
Deferred tax assets				
Doubtful debts	**24**	23	**-**	-
Employee entitlements	**173**	112	**-**	-
s40-880 costs	**619**	284	**-**	-
Patents and license costs	**371**	394	**-**	-
Sundry creditors and accruals	**88**	64	**-**	-
Losses available for offset against future taxable income	**35,860**	28,825	**-**	-
Revenue received in advance	**11**	8	**-**	-
Inventory and other provisions	**117**	97	**-**	-
Unrealised foreign exchange losses	**(353)**	42	**-**	-
Deferred tax liabilities				
Income not derived for tax purposes	**(2)**	(1)	**-**	-
Property, plant and equipment	**(21)**	(18)		
	36,887	29,830	**-**	-
Deferred tax assets not recognisable	**(36,887)**	(29,830)	**-**	-

20. Parent entity information

	2015	2014
Information relating to ImpediMed Limited:	**$000**	$000
Current assets	**9,119**	5,086
Total assets	**16,205**	10,411
Current liabilities	**351**	318
Total liabilities	**421**	380
Issued capital	**147,349**	116,593
Accumulated losses	**(139,230)**	(112,425)
Performance share reserve	**541**	289
Share option reserve	**7,124**	5,573
Total shareholders' equity	**15,784**	10,031
Loss of the parent entity	**(26,805)**	(11,406)
Total comprehensive loss of the parent entity	**(26,805)**	(11,406)

The Parent has not entered into any guarantees in relation to the debts of its subsidiaries. The Parent has not entered into any contractual commitments for the acquisition of property, plant or equipment.

Details of any commitments and any operating leases of the Parent entity are described in note 23 and contingent liabilities of the Parent entity are described in note 24.

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21. Related party disclosure

Subsidiaries

The consolidated financial statements include the financial statements of ImpediMed Limited and the subsidiaries listed in the following table:

	Country of	% Equity interest	
Name	**incorporation**	**2015**	2014
ImpediMed, Inc.	United States	**100**	100
XiTRON Technologies, Inc.	United States	**100**	100

Ultimate parent

ImpediMed Limited is the ultimate Australian parent entity.

Details relating to Directors, including remuneration paid, are included in note 17. For the year ended 30 June 2015, no transactions with Directors occurred that would be considered related party transactions. In the prior year, the Group paid David Adams $8,000 as a consultant to the Group prior to joining the Board in November 2013.

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

Terms and conditions of transactions with related parties:
Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

Key management personnel (KMP)

Details relating to key management personnel, including remuneration paid, are included in note 17.

For the year ended 30 June 2015, there were no transactions with KMP that would be considered related party transactions (2014: nil).

22. Auditor's remuneration

	2015	2014
	$	$
Amounts received or due and receivable		
By Ernst & Young Australia for:		
Audit and review of financial report of the entity	**160,363**	138,288
	160,363	138,288

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23. Commitments

Operating lease commitments

The Group is under lease for one Australian-based facility and two US-based facilities, with a range of one to three years remaining on the leases. In April 2015, the Group signed a two-year commercial lease extension for the Brisbane-based headquarters of the Parent entity.

There are no restrictions placed on the Group for entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June 2015 are as follows:

	2015	2014
	$000	$000
Within one year (i)	**226**	199
After one year but not more than five years (ii)	**212**	310
	438	509

(i) At 30 June 2015, $65,000 related to commitments of the Parent entity (2014: $49,000).

(ii) At 30 June 2015, $50,000 related to commitments of the Parent entity (2014: nil).

Finance lease commitments

The Group does not currently have any open finance leases.

Expenditure commitments

At 30 June 2015 the Group has commitments of $0.8 million (2014: $0.5 million), of which $0.3 million relates to commitment of additional inventory builds.

	2015	2014
	$000	$000
Within one year (i)	**823**	512
	823	512

(i) At 30 June 2015, $204,000 related to commitments of the Parent entity (2014: $294,000).

Royalty commitments

At 30 June 2015 the Group has commitments for the payment of royalties, which are provided on product sales and are accrued and recognised for the year ended 30 June 2015.

24. Contingencies

Legal claims

At 30 June 2015, the Group has no known open claims or lawsuits against it.

Contingent liabilities

The Group had no contingent liabilities as at 30 June 2015 or 2014.

Cross guarantees

As a policy the Group does not undertake any cross guarantees.

25. Events after the balance sheet date

On 20 July 2015 the Group announced that the National Comprehensive Cancer Network® (NCCN®) Clinical Practice Guidelines in Oncology (NCCN Guidelines®) for Breast Cancer had been published and for the first time acknowledged lymphoedema as a common complication following treatment for breast cancer.

The updated NCCN Guidelines®, which are recognised as the standard for clinical policy in cancer care in the US, recommend breast cancer patients are educated about lymphoedema, monitored for the condition and referred for lymphoedema management as needed.

Lymphoedema's acknowledgement in the NCCN Guidelines® resulted from a review by a multi-disciplinary panel of experts from NCCN® member institutions, and was based on requests and clinical data submitted by ImpediMed in June 2014. The newly updated guidelines (version 3.2015) appear on the NCCN® website, www.nccn.org.

On 14 July 2015 the Group announced the addition of the sixth major cancer centre to join the US Commercial L-Dex Pilot Program. Previously, on 7 July 2015, the Group announced the addition of the fifth pilot site.

The 14 July 2015 announcement marked the second pilot involving a multi-disciplinary cancer organisation and the sixth of six planned large cancer centre pilots prior to full commercial US launch.

The pilot program activities include integrating a prospective surveillance model for the early detection of cancer related lymphoedema using L-Dex, capturing L-Dex scores in the electronic medical records, and providing education and training for staff, patients, and referring physicians.

On 7 July 2015, the Group issued 2,059,500 share options to employees under the EIP plan, which included 675,000 share options to key management personnel. The options will be expensed beginning July 2015.

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26. Financial risk management objectives and policies

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits.

Risk exposures and responses

The Group has various financial instruments such as trade debtors and trade creditors, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The Group manages its exposure to risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security. The Board reviews and agrees to policies for managing these risks which are summarised below.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, foreign currency risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

(a) Interest rate risk

At balance date, the Group had the following mix of financial assets exposed to Australian and US interest rate risk that are not designated in cash flow hedges:

	2015	2014
	$000	$000
Financial Assets		
Cash and cash equivalents (i)	**32,582**	10,812
Restricted cash, current and non-current	**93**	81
	32,675	10,893
Net exposure	**32,675**	10,893

(i) All of the Group's Cash and cash equivalents were considered on hand, with no open term deposit accounts at 30 June 2015 [2014: nil]. The cash on hand is exposed to variable interest rates

The Group does not enter into interest rate swaps, designated to hedge underlying assets or debt obligations, to manage the interest rate risk.

The Group consistently analyses its interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions, alternative financing, and the mix of fixed and variable interest rates.

At 30 June 2015, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax loss and equity would have been affected as follows:

	Post Tax Loss Higher/(Lower)	
	2015	2014
	$000	$000
+1.0% (100 basis points)	**327**	109
-0.5% (50 basis points)	**(163)**	(54)

The movements in loss are due to higher/lower interest income from variable rate cash balances.

Significant assumptions used in the interest rate sensitivity analysis include:

- Reasonably possible movements in interest rates were determined based on the Group's current credit rating and relationships with financial institutions and economic forecaster's expectations.
- The net exposure at the balance sheet date is representative of what the Group was and is expecting to be exposed to in the next twelve months from the balance sheet date.

(b) Foreign currency risk

As a result of operations in the US and purchases of inventory denominated in United States dollars (USD), the Group's balance sheet can be affected by movements in the USD/AUD exchange rates. The Group has transactional currency exposure resulting from sales activities into the US and into Europe, and from its wholly owned subsidiaries ImpediMed, Inc and XiTRON Technologies, Inc – whose operations are denominated in USD. The Group does not enter into any forward contracts or any other instrument to hedge the currency exposure, as the Group maintains a significant portion of available funds in USD to match USD expected expenses.

At 30 June 2015, the Group had the following exposure to foreign currency:

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	2015	2014
	$000	$000
Financial Assets		
Cash and cash equivalents – USD	**1,207**	71
Trade and other receivables – USD	**10**	5
Trade and other receivables – EUR (i)	**4**	25
Trade and other receivables – GBP (ii)	**30**	-
	1,251	101
Financial Liabilities		
Trade and other payables – USD	**16**	1
	16	1
Net exposure	**1,235**	100

(i) EUR is Euro

(ii) GBP is Great Britain Pound

At 30 June 2015, had the Australian dollar moved against the US dollar, as illustrated in the table below, with all other variables held constant, post-tax loss and equity would have been affected as follows:

	Post tax loss (Higher)/Lower	
	2015	2014
	$000	$000
AUD to USD +15% (2014:+15%)	**(166)**	(9)
AUD to USD -15% (2014: -15%)	**210**	12

During the period the Group moved $25.0 million from the Parent entity to the US subsidiaries in order to maintain funds to match USD expected expenses. In addition, the Parent entity held an additional USD $0.8 million in USD for future USD expenses.

Significant assumptions used in the foreign currency exposure sensitivity analysis include the following:

- Reasonable possible movements in foreign exchange rates were determined based on a review of the last two years historical movements and economic forecasters' expectations.
- The reasonably possible movement was calculated by taking the USD spot rates at balance date, moving this spot rate by the reasonably possible movements and then re-converting the USD into AUD with the "new spot-rate". This methodology reflects the translation methodology undertaken by the Group.
- The net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next twelve months from balance date.
- The sensitivity analysis does not include financial instruments that are non-monetary items as these are not considered to give rise to currency risk.

Sensitivities were only calculated on USD balances in instances where the functional currency is not the USD.

(c) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and other financial assets. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group seeks to trade only with recognised, creditworthy third parties, and as such collateral is typically not requested nor is it the Group's policy to securitise its trade and other receivables.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's experience of bad debts is not significant.

With respect to credit risk arising from other financial assets of the Group, the exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

There are no significant concentrations of credit risk within the Group and no outstanding term deposits held at the end of the financial year.

The Parent has a policy of lending to its wholly owned subsidiaries ensuring their continued operations. The subsidiaries are continually monitored and should there be any risk that they are unable to repay the debt appropriate steps will be taken to remedy this situation.

(d) Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance leases. The Group has no bank overdrafts or bank loans at 30 June 2015.

The table below reflects all contractually fixed payments and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities as of 30 June 2015. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2015.

Maturity analysis of financial assets and liabilities

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Trade payables, and other financial liabilities mainly originate from the financing of assets used in ongoing operations such as property, plant, equipment and investments in working capital e.g. inventories and trade receivables.

These assets are considered in the Group's overall liquidity risk. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Group has established comprehensive risk reporting covering their worldwide business unit that reflects expectations of management of expected settlement of financial assets and liabilities.

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Liquid assets comprising cash and cash equivalents, restricted cash, trade and other receivables, and other financial assets are considered in the Group's overall liquidity risk. The Group monitors that sufficient liquid assets are available to meet all the required short-term cash payments.

Year ended 30 June 2015	≤ 6 months	6-12 months	1-5 years	Total
	$000	$000	$000	$000
Liquid financial assets				
Cash and cash equivalents	**32,582**	**-**	**-**	**32,582**
Restricted cash	**-**	**-**	**31**	**31**
Trade and other receivables	**633**	**-**	**-**	**633**
Other financial assets	**-**	**-**	**62**	**62**
	33,215	-	**93**	**33,308**
Financial liabilities				
Trade and other payables	**1,456**	**6**	**-**	**1,462**
Net inflow	**31,759**	**6**	**93**	**31,846**

Year ended 30 June 2014	≤ 6 months	6-12 months	1-5 years	Total
	$000	$000	$000	$000
Liquid financial assets				
Cash and cash equivalents	10,812	-	-	10,812
Restricted cash	31	-	-	31
Trade and other receivables	445	-	-	445
Other financial assets	-	-	50	50
	11,288	-	50	11,338
Financial liabilities				
Trade and other payables	994	-	-	994
Net inflow	10,294	-	50	10,344

The Group monitors rolling forecasts of liquidity on the basis of expected cash flow.

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27. Financial instruments

Fair values

Fair values have been determined as follows:

- Cash and cash equivalents: The carrying amount approximates fair value because of the short-term maturity and/or because the interest rates applied are variable interest rates.
- Restricted cash: The carrying amount approximates fair value because the interest rates applied are variable interest rates.
- Trade receivables and payables: The carrying amount approximates fair value because of the short-term maturity.
- Other financial assets: By reference to the current market value of another instrument which is substantially the same or is calculated based on expected cash flows of the underlying net asset base of the financial asset.

Management have assessed that the fair values of the following assets approximate their carrying amounts:

	Carrying amount		Fair value	
	2015	2014	**2015**	2014
	$000	**$000**	**$000**	**$000**
Financial assets				
Cash and cash equivalents	**32,582**	10,812	**32,582**	10,812
Restricted cash	**31**	31	**31**	31
Trade and other receivables	**633**	445	**633**	445
Other financial assets	**62**	50	**62**	50
	33,308	11,338	**33,308**	11,338
Financial liabilities				
Trade and other payables	**1,462**	994	**1,462**	994
	1,462	994	**1,462**	994

28. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent assets and liabilities, commitments, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Significant accounting judgements

Impairment of non-financial assets other than goodwill

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product and manufacturing performance, technology, economic and political environments and future sales expectations. If an impairment trigger exists the recoverable amount of the asset is determined.

The impairment triggers used by the Group did not show any indication of impairment as at 30 June 2015. As a result, no impairment has been formally estimated and no impairment loss has been recognised for this financial period. Refer to Note 12 for the complete details regarding impairment testing.

Taxation

The Group's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Deferred tax liabilities arising from temporary differences in investments, caused principally by retained earnings held in foreign tax jurisdictions, are recognised unless repatriation of retained earnings can be controlled and are not expected to occur in the foreseeable future.

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Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. Refer to Note 19 for the complete details regarding deferred tax assets and deferred tax liabilities.

Significant accounting estimates and assumptions

Impairment of goodwill and intangibles with indefinite useful lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units, using a value in use discounted cash flow methodology, to which the goodwill and intangibles with indefinite useful lives are allocated. Management determined that no impairment loss should be recognised for this financial reporting period. The assumptions used in this estimation of goodwill and intangibles with indefinite useful lives are discussed in Note 12.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by management. The Black Scholes model is used for option grants without conditions, while the Monte Carlo model is used for option grants with conditions. The assumptions are detailed in Note 18. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (property and equipment), customer agreements (loaned devices) and turnover policies (for demo devices). In addition, the condition of the assets is assessed at least semi-annually and considered against the remaining useful life, with adjustments made when necessary. Depreciation charges are included in Note 11.

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29. Summary of significant accounting policies

(a) Basis of preparation

The financial report of the Group for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the Directors on 25 August 2015.

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 a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis.

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

(b) Compliance with IFRS

The financial report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) 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 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 30 June 2015, the Group had net assets of $34.8 million (30 June 2014: $13.5 million) and realised a loss after income tax of $14.8 million for the year ended 30 June 2015 (30 June 2014: $7.9 million). At the same date, the market capitalisation of ImpediMed Limited was $253.4 million (30 June 2014: $44.2 million) and assets of the Group exceeded liabilities by a ratio of 12:1 (30 June 2014: 10:1).

(ii) The Group had cash at its disposal of $32.6 million at 30 June 2015 and had no borrowings from banks or other financial institutions at that date.

(iii) The Group maintained operating cash burn below the approved operating plan for the year ended 30 June 2015. The Group has the ability to reduce cash burn further, if necessary, and has the ability to vary certain expenditures; therefore cash outflows can be adjusted.

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(iv) 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.

(v) The long-term success of the business beyond this time is reliant on the generation of positive cash flows and a possible future capital raise. The Directors believe the Group can achieve positive cash flow and if required raise the necessary capital.

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 Parent and Group not continue as going concerns.

(d) New accounting standards and interpretations

Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

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 consolidated financial statements.

- AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities*
- AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*
- AASB 1031 *Materiality*
- 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*

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 annual reporting period ended 30 June 2015. For all standards except IFRS 15 and IFRS 9 the Group does not believe that there will be a material financial impact to either the statement of comprehensive income or the balance sheet once these accounting standards are adopted. The Group is yet to assess the impact of IFRS 15 and IFRS 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 2017	1 July 2017
AASB 2015-1 (i)	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

* Designates the beginning of the applicable annual reporting period.

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(i) The IASB in its July 2015 meeting decided to confirm its proposal to defer the effective date of IFRS 15 (the international equivalent of AASB 15) from 1 January 2017 to 1 January 2018. The amendment to give effect to the new effective date for IFRS 15 is expected to be issued in September 2015. At this time, it is expected that the AASB will make a corresponding amendment to the effective date of AASB 15.

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of ImpediMed Limited and its subsidiaries (as outlined in note 21) as at and for the period ended 30 June each year (the Group). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee,
- exposure, or rights, to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee,
- rights arising from other contractual arrangements,
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(f) Operating segments – refer to note 3

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision maker – being the Chief Executive Officer. The group aggregates two or more operating segments when they have similar economic characteristics and the segments are similar in each of the following respects:

- Nature of the products and services,
- Nature of the production processes,
- Type or class of customer for the products and services,
- Methods used to distribute the products or provide the services, and if applicable
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

(g) Foreign currency translation

Functional and presentation currency

Both the functional and the presentation currency of the Parent are Australian dollars ($ or AUD). The US subsidiaries' functional currency is United States dollar (USD) which is translated to the presentation currency.

Transactions & balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Translation of Group Companies functional currency to presentation currency

The results of the US subsidiaries are translated into Australian Dollars (presentation currency) as at the average monthly exchange rate each month. Assets and liabilities are translated at exchange rates prevailing at balance date. Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity.

On consolidation, exchange differences arising from the translation of the net investment in US subsidiaries are taken to the foreign currency translation reserve. If a US subsidiary were sold, the proportionate share of exchange differences would be transferred out of equity and recognised in profit or loss.

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(h) Cash and cash equivalents – refer to note 7

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of approximately three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Trade and other receivables – refer to note 8

Trade receivables, which generally have 30-60 day terms, are recognised at fair value less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectable are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are generally considered objective evidence of impairment.

(j) Inventories – refer to note 9

Inventories including raw materials and finished goods are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as purchase cost on a first-in, first-out basis. The cost of purchase comprises the purchase price including import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), if applicable. Volume discounts and rebates are included in determining the cost of purchase.

(k) Financial assets – refer to note 10

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Recognition and De-recognition

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are de-recognised when the right to receive cash flows from the financial assets has expired or when the entity transfers substantially all the risks and rewards of the financial assets. If the entity neither retains nor transfers substantially all of the risks and rewards, it de-recognises the asset if it has transferred control of the asset.

Subsequent Measurements - loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance sheet date, which are classified as non-current.

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(l) Plant, machinery and equipment – refer to note 11

Equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation is calculated on a straight line or diminishing value basis over the estimated useful life of the specific assets as follows:

Plant, Machinery and Equipment	2 - 10 years
Devices under lease, PSA or loan	3 years
Leasehold improvements	2 - 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each reporting date.

De-recognition

An item of property and equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(m) Leases – refer to note 11 and 23

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

Group as a lessor

Leases in which the Group retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. When material, initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income.

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(n) Impairment of non-financial assets other than goodwill – refer to note 12

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Group conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(o) Goodwill and intangibles – refer to note 12

Goodwill

Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the Group's net identifiable assets acquired, and liabilities assumed. If this consideration transferred is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit and loss.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which goodwill is monitored for internal management purposes, and is not larger than an operating segment determined in accordance with AASB 8. The goodwill of the Group is allocated to the Medical cash generating unit.

Impairment is determined by assessing the recoverable amount of the cash generating unit or group of cash generating units to which the goodwill relates.

The Group performs its impairment testing as at 30 June each year and more frequently if indicators of impairment exist, using a value in use, discounted cash flow methodology. Further details on the methodology and assumptions used are outlined in Note 12.

When the recoverable amount of the cash-generating unit or group of cash generating units is less than the carrying amount, an impairment loss is recognised. Impairment losses recognised for goodwill are not subsequently reversed. When goodwill forms part of a cash generating unit or group of cash generating units and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Intangibles

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level consistent with the methodology outlined for goodwill above. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following initial recognition, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure capitalised is amortised over the period of expected benefit from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use or more frequently when an indication of impairment arises during the reporting period.

A summary of the policies applied to the Group's intangible assets is as follows:

	Patents and Licences	***Development Costs*** (i)
Useful lives	Finite	Finite
Method used	Amortised over the period of expected future benefit from the related project on a straight-line basis.	Amortised over the period of expected future benefit from the related project on a straight-line basis.
Internally generated/ Acquired	Acquired	Internally generated
Impairment test/ Recoverable amount test	When an indication of impairment exists	When an indication of impairment exists.

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(i) No development costs have been capitalised as internally generated intangible assets for the years ended 30 June 2015 and 2014. No such amounts have been recorded at the balance sheet dates.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

Expenditures on advertising and promotional expenses are recognised in the statement of comprehensive income when the Group has either the right to access the goods or has received the services.

(p) Trade and other payables – refer to note 13

Trade payables and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect to the purchase of these goods and services. The amounts are unsecured and are usually paid within 30-90 days of recognition.

(q) Provisions and employee benefits – refer to note 14

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee leave benefits

Wages, salaries, annual leave and sick leave liabilities for wages and salaries, including non-monetary benefits, and superannuation payments expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Retirement benefit obligation

Contributions to superannuation plans are recognised as an expense when they become payable. The Group contributes to various defined contribution superannuation funds in respect to all employees and at various percentages of their salary, including contributions required by the Superannuation Guarantee Charge. These contributions are made to external superannuation funds and are not defined benefits programs. Consequently, the Group's legal or constructive obligation is limited to these contributions.

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Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on Australian corporate bond market discount rates with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(r) Share-based payment transactions – refer to note 18

Equity-settled transactions

The Group provides benefits to employees (including key management personnel (KMP)) and certain consultants in the form of share-based payments, whereby employees and consultants render services in exchange for shares or rights over shares (equity-settled transactions).

There are currently three types of plans in place to provide these benefits:

- the Employee Incentive Plan (EIP), which provides benefits in the form of shares, options or performance shares to employees and consultants, including the CEO if he or she is not a member of the Board of Directors. This plan has a US Sub-Plan established as an appendix to the EIP;
- the Employee Share Option Plans (ESOP), which provides benefits to employees and consultants, including the CEO if he or she is not a member of the Board of Directors. This Group has two (2) ESOPs – one for US based employees and one for Australian based employees; and
- the CEO Option Plan, which provides benefits to the CEO when a member of the Board of Directors.

All options granted in the current year between 1 July 2014 – 29 October 2014 were granted under the ESOP. All incentives granted in the current year between 30 October 2014 – 30 June 2014 were granted under the EIP. As of 30 October 2014 the ESOP plan was closed from issuing new grants. No options or shares were issued under the CEO Option Plan during the current or prior year, but the plan remain open for potential grants in future years.

The cost of equity-settled transactions is measured by reference to the fair value of the equity instruments at the date they are granted. The fair value is determined by a Black-Scholes model, details of which are given in Note 18.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of ImpediMed Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service condition are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of:

- the grant date fair value of the award
- the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
- the expired portion of the vesting period.

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The charge to the statement of comprehensive income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Equity-settled awards granted by the Parent to employees of subsidiaries are recognised in the Parent's separate financial statements as an additional investment in the subsidiary with a corresponding credit to equity. As a result, the expense recognised by ImpediMed Limited in relation to equity-settled awards only represents the expense associated with grants to employees of the parent. The expense recognised by the Group is the total expense associated with all such awards.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

(s) Contributed equity – refer to note 15

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(t) Revenue recognition – refer to notes 4 and 5

Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the direct sales of devices and consumables is recognised when there is persuasive evidence, usually in the form of a purchase order or an executed sales agreement at the time of shipment of goods to the consumer indicating that there has been a transfer of risks and rewards to the customer, no further work or processing is required, the quantity and quality of the goods has been determined, the price is fixed and generally title has passed (for shipped goods this is the bill of lading date).

Rendering of services

Revenue from the repair of instruments is recognised when the service has been performed and the obligation is due from the customer.

When the contract outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Device operating leases

Revenue from device operating leases is accounted for on a straight line basis over the lease term.

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Interest revenue

Revenue is recognised as interest accrues using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Tax incentive revenue

The Australian Taxation Office provides certain Research and Development tax incentives and concessions. These tax incentives or concessions are not easily measurable during the period within which the expenses occur. The Group recognizes these incentives or concessions as other income when the incentive or concession is received in cash and all revenue recognition criteria have been met.

(u) Income tax and other taxes – refer to note 19

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- When the taxable temporary difference is associated with investments in subsidiaries and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

The Group is subject to sales taxation in the US in various state jurisdictions. Sales tax has several components:

- On revenue, the Group collects sales tax from customers and remits it to state governments.
-
- For expenses and assets, the Group pays sales tax on the purchase of goods that are used in the course of business. Sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amount of sales tax included.

Receipts from customers are included in the Cash Flow Statement including sales tax amounts collected which are payable to the taxation authority. Cash flows on expenses and assets are included in the Cash Flow Statement on a gross basis and are classified as operating, investing or financing cash flows as appropriate.

(v) Earnings per share – refer to note 1

Basic earnings per share is calculated as net profit attributable to members of the Parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share, which is currently not applicable to the Group due to the net carrying loss, is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(w) Comparatives

Where applicable, comparatives have been adjusted to disclose them on the same basis as current period figures.

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In accordance with a resolution of the Directors of ImpediMed Limited, I state that:

1 In the opinion of the Directors of ImpediMed Limited:

(a) the consolidated financial statements and notes and the Remuneration Report in the Directors' Report 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 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 29.

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2 This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2015.

On behalf of the Board

Cherrell Hirst AO	Jim Hazel
Chairman	Director
Brisbane, 26 August 2015	

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Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

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Independent auditor's report to the members of ImpediMed Limited

We have audited the accompanying financial report of ImpediMed Limited, which comprises the consolidated balance sheet as at 30 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, 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 year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 29, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit 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.

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Opinion

In our opinion:

a. the financial report of ImpediMed Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 29.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of ImpediMed Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

KMcKenzie

Kellie McKenzie
Partner
Brisbane
26 August 2015

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Shareholder Information (unaudited)

Below is the current shareholder information at 25 August 2015 based on available information:

Top 20 Security Holders - Ordinary Shares

	Investor	Total Shares Held	% Issued Capital	City
1	Allan Gray Investment Mgt	**45,389,539**	15.5%	*Sydney*
2	Starfish Technology Fund 1	**25,238,045**	8.6%	*Melbourne*
3	FIL Investment Mgt	**18,112,316**	6.2%	*Hong Kong*
4	Kinetic Investment Partners	**11,478,673**	3.9%	*Melbourne*
5	Paradice Investment Mgt	**9,598,458**	3.3%	*Sydney*
6	IFM Investors	**7,958,382**	2.7%	*Sydney*
7	Regal Funds Mgt	**6,044,784**	2.1%	*Sydney*
8	Macquarie Asset Mgt	**5,987,562**	2.0%	*Sydney*
9	Mr Melvyn J Bridges	**5,084,116**	1.7%	*Brisbane*
10	Messrs Harold J Osman & Ian E Tregoning	**4,245,071**	1.4%	*Sydney*
11	Mr Gregory W Brown	**3,590,416**	1.2%	*Brisbane*
12	Mr John W O'Flaherty	**2,785,397**	0.9%	*Adelaide*
13	AustralianSuper	**2,785,397**	0.9%	*Melbourne*
14	Mr & Mrs Ian Moore	**2,500,000**	0.9%	*Sydney*
15	Vanguard Investments Australia	**2,271,350**	0.8%	*Melbourne*
16	Olbia Investments	**2,250,000**	0.8%	*Sydney*
17	Mr Paul J Barkl	**2,186,286**	0.7%	*Sydney*
18	Mr Allan E Moss	**2,092,308**	0.7%	*Sydney*
19	Austral Capital	**2,000,000**	0.7%	*Sydney*
20	Private Clients of National Financial Services	**1,938,028**	0.7%	*New York*
	Total	**163,536,128**	**55.8%**	

Distribution of Security Holders - Ordinary Shares

Number of securities held	Number of investors	Number of securities	%
1 - 1000	248	111,678	0.0%
1,001 - 5,000	550	1,676,703	0.6%
5,001 - 10,000	387	3,106,799	1.0%
10,001 – 100,000	869	30,083,277	10.3%
100,001 and over	270	258,359,383	88.1%
Total	**2,324**	**293,337,840**	**100.0%**

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1 Voting rights

Only ordinary shares have voting rights, and are one vote per shareholder on a show of hands, and one vote per fully paid ordinary share on a poll.

Neither IPDO quoted options, nor options issued to the CEO, employees or consultants under options plans are entitled to voting rights.

2 Restricted and unquoted securities

As at 25 August 2015, there were no restricted securities (2014: 85,000). On 20 March 2015, 85,000 shares were released from escrow at the Board's discretion:

Class of restricted security	Number Of Holders	Quoted Ordinary Shares Released	Date Released	Quoted Ordinary Shares Remaining
Employee performance shares subject to restriction under ESOP schemes	5	85,000	20 March 2015	-
Total	**5**	**85,000**		**-**

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ImpediMed Limited

ABN 65 089 705 144

Annual Financial Report
For the year ended 30 June 2015