

# COMPUMEDICALS LIMITED

(ACN 006 854 897)

## ASX final report – 30 June 2009

Lodged with the ASX under Listing Rule 4.3A

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				\$'000
Revenue from ordinary activities (Appendix 4E item 2.1)	Decreased	2.6%	to	37,581
Profits before interest, tax, depreciation and amortisation	Increased	261%	to	2,729
Profits from ordinary activities after tax attributable to members (Appendix 4E item 2.2)	Increased	261%	to	2,729
Net profits for the period attributable to members (Appendix 4E item 2.3)	Increased	261%	to	2,729

Dividends/distributions (Appendix 4E item 2.4)	Amount per security	Franked amount per security
Final dividend (Prior Year)	n/a	n/a

Record date for determining entitlements to the dividend  
 (Appendix 4E item 2.5)

n/a
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Explanation of Revenue (Appendix 4E item 2.6)

Group revenues at \$37.6m for the year ended 30 June 2009 have proven resilient in light of the global economic conditions. This compares to \$38.5m for the prior year and represents a 2.6% decline year-on-year.

Global sleep monitoring revenues were \$13.9m for the year ended 30 June 2009, compared to \$15.6m for the prior year. Global sleep monitoring revenues were impacted by delayed purchasing as a result of the global financial crisis (GFC) however the Asian and German businesses grew by 19% and 24%, respectively. The USA business in US dollars declined 9% but grew by 9% in Australian dollars.

Global brain monitoring revenues were \$10.0m for the year ended 30 June 2009, compared to \$10.9m for the prior year. Global brain monitoring revenues grew in Australia (32%), were constant in Asia, but were adversely impacted by the GFC in the USA (-46%). We expect this business to rebound strongly in FY2010 as a direct result of the government stimulus around the globe flows into purchases for brain monitoring products, particularly in the US.

Global ultrasonic blood flow monitoring revenues were \$8.0m for the year ended 30 June 2009, compared to \$7.7m for the prior year. Global ultrasonic blood flow monitoring revenues grew in Australia (74%), Germany (6%) and in the US by 55%.

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Global supplies and service revenues were \$5.6m for the year ended 30 June 2009, compared to \$4.3m for the prior year. Global supplies and service revenues grew in Australia (22%), USA (6%) and Asia (113%). Importantly these annuity-style revenues have grown to 20% of total revenues in the year ended 30 June 2009 from 13% in the prior year.

Explanation of Earnings before interest, tax, depreciation and amortisation (EBITDA) (Appendix 4E item 2.6)

EBITDA at \$3.7m for the year ended 30 June 2009 was an 95% improvement from the prior year EBITDA result of \$1.9m. The continuing improvement in EBITDA in the current year has been achieved despite the GFC and its adverse impact on the Company's US and European businesses.

The underlying turnaround in the EBITDA result reflects the on-going focus of the Company's performance transition program. It also reflects the improved competitive position of the Company with the lower Australian dollar to the US dollar during the financial year ended 30 June 2009.

Net foreign exchange gains of \$0.9m were primarily related to the depreciation of the Australian dollar against the US dollar during the course of the GFC. Over the prior two years the Australian dollar had risen from 84.2 US cents at 30 June 2007 to 96.3 US cents at 30 June 2008. In the financial year ended 30 June 2009 the exchange rate for the Australian dollar to the US dollar fell back to 81.1 US cents. The foreign exchange benefit in the year ended 30 June 2009 recoups about half the losses booked in relation to foreign exchange movements in the prior two financial years.

During the year ended 30 June 2009 the Company capitalised development costs of \$1.5m associated with its SomniLink® SPAP® sleep treatment technology. The intangible asset carrying value at 30 June 2009 was \$3.6m. The Company expects to begin shipping commercial quantities of the SomniLink® SPAP® in the first half of the 2010 financial year and will, as a consequence, begin to amortise the intangible asset in the 2010 financial year.

Explanation of Profit from ordinary activities after tax (Appendix 4E item 2.6)

Profits from ordinary activities after tax at \$2.7m for the year ended June 30, 2009 were a \$2.0m improvement from the \$0.8m profit recorded for the prior year, representing a 261% increase in profits from ordinary activities over the prior year.

The above explanation for the improvement in EBITDA reflects the underlying operational improvements in earnings for the full year over the prior year. In addition to the operational improvements the Company has continued to reduce its bank debt from \$2.7m at the end of the prior financial year to \$2.2m at 30 June 2009. As a consequence borrowing costs have fallen a further 22% over the prior financial year from \$0.71m to \$0.56m for the year ended 30 June 2009. This has positively influenced the profit from ordinary activities recorded for the year ended 30 June 2009.

#### Explanation of Dividends (Appendix 4E item 2.6 )

No dividends have been declared or paid in the period.

# Compumedics Limited

## Consolidated income statement for the year ended 30 June 2009

	2009 \$'000	2008 \$'000
Revenue from continuing operations	37,581	38,582
Other income	600	379
Cost of sales	(16,205)	(16,574)
Administration	(4,990)	(4,852)
Sales & Marketing	(9,756)	(10,850)
Research & Development	(4,866)	(4,588)
Finance costs	(560)	(714)
Net foreign exchange gain / (loss)	925	(700)
Profit before income tax	2,729	683
Income tax (expense)/income	-	73
Profit for the full year	2,729	756
Profit attributable to members of Compumedics Limited	2,729	756
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents):		
Basic earnings per share	1.7	0.5
Diluted earnings per share	1.7	0.5

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

Compumedics Limited  
Consolidated balance sheet  
as at 30 June 2009

	2009 \$'000	2008 \$'000
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	2,606	571
Receivables	10,623	12,166
Inventories	3,799	4,684
Total current assets	17,028	17,421
Non current assets		
Property, plant and equipment	873	693
Intangible assets	3,559	2,028
Non current assets	4,432	2,721
Total assets	21,460	20,142
<b>LIABILITIES</b>		
Current liabilities		
Payables	4,346	5,934
Borrowings	2,484	2,745
Provisions	1,938	1,760
Deferred revenue	1,023	977
Total current liabilities	9,791	11,416
Non-current liabilities		
Borrowings	17	16
Provisions	26	16
Deferred revenues	145	189
Total non-current liabilities	188	221
Total liabilities	9,979	11,637
Net assets	11,481	8,505
<b>EQUITY</b>		
Contributed equity	31,006	30,750
Reserves	(1,215)	(1,206)
Retained losses	(18,310)	(21,039)
Total equity	11,481	8,505

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

Compumedics Limited  
 Consolidated statement of changes in equity  
 for the full year as at 30 June 2009

	2009 \$'000	2008 \$'000
Total equity at the beginning of the financial year	8,505	6,914
Exchange differences on translation of foreign operations	(9)	(165)
Net (loss) recognised directly in equity	(9)	(165)
Profit for the year	2,729	756
Total recognised income and expenses for year	2,720	591
Transactions with equity holders in their capacity as equity holders:		
Conversion of RCNs to equity	-	1,000
Issue of new shares	256	-
Total equity at the end of the financial year	11,481	8,505

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

Compumedics Limited  
Consolidated cash flows statement  
for the year ended 30 June 2009

	2009 \$'000	2008 \$'000
Cash flow from operating activities		
Receipts from customers (inclusive of goods and services tax)	40,285	37,784
Payments to suppliers and employees (inclusive of goods and services tax)	(35,796)	(35,778)
Interest and other costs of finance paid	(560)	(528)
Interest received	2	6
Receipts from grants and other income	600	379
Net cash inflow/(outflow) from operating activities	5	4,531
Cash flows from investing activities		
Payments for property, plant and equipment	(488)	(633)
Payments for intangible assets	(1,532)	(1,208)
Net cash inflow/(outflow) from investing activities	(2,020)	(1,841)
Cash Flows from financial activities		
Proceeds from contributed equity	256	-
Proceeds from borrowings	396	2,857
Repayments of finance leases	-	(11)
Repayment of borrowings	(640)	(2,230)
Net cash inflow/(outflow) from financing activities	12	616
Net decrease in cash and cash equivalents	2,523	638
Cash and cash equivalents at the beginning of the year	90	(555)
Effects of exchange rate changes on cash	(7)	7
Cash and cash equivalents at the end of the financial year	2,606	90
This is represented by:		
Cash Assets	2,606	571
Bank Overdraft (Interest bearing liabilities)	-	(481)
Net Cash	2,606	90

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

Compumedics Limited

Notes to the consolidated financial statements  
for the year ended 30 June 2009

## 1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below.

These policies have been consistently applied to all the periods presented, unless otherwise stated.

### (a) Basis of preparation of consolidated financial report

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

This preliminary consolidated financial report for the year ended 30 June 2009 does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by Compumedics Limited during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

#### Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of Compumedics Limited comply with International Financial Reporting Standards (IFRS).

#### Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

#### Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

Compumedics Limited  
Notes to the consolidated financial statements  
for the year ended 30 June 2009

Note 2. Segment information

Segment reporting – Primary  
For the year ended 30 June 2009

\$'000

	Sleep monitoring	Brain Monitoring	Ultrasonic blood flow monitoring	Supplies & Service	Unallocated/ Elimination	Group
Sales to external customers	13,914	10,002	8,045	5,620	-	37,581
Intersegment sales	-	-	-	-	-	-
Total sales revenue	13,914	10,002	8,045	5,620	-	37,581
Other income/revenues	261	188	151	-	-	600
Net foreign exchange gain	-	-	-	-	-	-
Total revenue/income	14,175	10,190	8,196	5,620	-	38,181
SEGMENT RESULT	1,513	1,623	(1,504)	1,657	-	3,289
Finance costs						(560)
Tax (expense)/income						-
Profit for the year						2,729
Segment assets	5,596	3,360	3,634	2,030	-	14,620
Unallocated assets						6,840
Tax assets						-
Total assets						21,460
Segment liabilities	1,609	1,157	931	650	-	4,347
Unallocated liabilities						5,632
Tax liabilities						-
Total liabilities						9,979
Net assets						11,481
Acquisition of PPE	-	-	-	-	488	488
Depreciation & Amortisation	-	-	-	-	(442)	(442)

Compumedics Limited  
Notes to the consolidated financial statements  
for the year ended 30 June 2009

Segment reporting – Primary  
For the year ended 30 June 2008

\$'000

	Sleep monitoring	Brain monitoring	Ultrasonic blood flow monitoring	Supplies & Service	Unallocated/ Elimination	Group
Sales to external customers	15,618	10,921	7,698	4,345	-	38,582
Intersegment sales	-	-	-	-	-	-
<b>Total sales revenue</b>	<b>15,618</b>	<b>10,921</b>	<b>7,698</b>	<b>4,345</b>	<b>-</b>	<b>38,582</b>
Other income/revenues	173	121	85	-	-	379
Net foreign exchange gain	-	-	-	-	-	-
<b>Total revenue/income</b>	<b>15,791</b>	<b>11,042</b>	<b>7,783</b>	<b>4,345</b>	<b>-</b>	<b>38,961</b>
<b>SEGMENT RESULT</b>	<b>849</b>	<b>1,191</b>	<b>(1,582)</b>	<b>939</b>	<b>-</b>	<b>1,397</b>
Finance costs						(714)
Tax expense						73
<b>Profit for the year</b>						<b>756</b>
Segment assets	6,310	4,227	3,780	2,533	-	16,850
Unallocated assets						3,292
Tax assets						-
<b>Total assets</b>						<b>20,142</b>
Segment liabilities	2,402	1,680	1,184	668		5,934
Unallocated liabilities						5,703
Tax liabilities						-
<b>Total liabilities</b>						<b>11,637</b>
<b>Net assets</b>						<b>8,505</b>
Acquisition of PPE					633	633
Depreciation & Amortisation					(552)	(552)

Explanation of Primary business segments

The primary business segments are based on the significant areas in which the business operates. These include:

- (i) Sleep monitoring – sleep diagnostic hardware and software for clinical application
- (ii) Brain monitoring – neurological research hardware and software for research application and neurological hardware and software for clinical application
- (iii) Ultrasonic blood flow monitoring – trans cranial Doppler hardware and software for clinical application
- (iv) Supplies and service – neuro medical supplies for use in all three areas above. The section also includes service contracts

Compumedics Limited  
Notes to the consolidated financial statements  
for the year ended 30 June 2009

Segment reporting – Secondary  
For the year ended 30 June 2009

\$'000

	USA	Asia/Pac	EUR	Elimination	Group
Sales to external customers	15,123	14,636	7,822	-	37,581
Intersegment sales	1,234	3,427	841	(5,502)	-
<b>Total sales revenue</b>	<b>16,357</b>	<b>18,063</b>	<b>8,663</b>	<b>(5,502)</b>	<b>37,581</b>
Other income/revenue	95	504	916	(915)	600
<b>Total segment revenue</b>	<b>16,453</b>	<b>18,567</b>	<b>9,579</b>	<b>(6,418)</b>	<b>38,181</b>
<b>Segment Assets</b>					
Tax assets	4,387	26,981	4,379	(14,440)	<u>21,307</u>
Total assets					<u>21,307</u>

Explanation of changed secondary segment reporting

Sales to external customers are recorded based on the geographical location of the customer.

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Notes to the consolidated financial statements  
for the year ended 30 June 2009

Segment reporting – Secondary  
For the year ended 30 June 2008

\$'000

	USA	Asia/Pac	EUR	Elimination	Group
Sales to external customers	15,426	16,407	6,749	-	38,582
Intersegment sales	1,347	2,862	435	(4,644)	-
<b>Total sales revenue</b>	<b>16,773</b>	<b>19,269</b>	<b>7,184</b>	<b>(4,644)</b>	<b>38,582</b>
Other income/revenue	7	369	3	-	379
<b>Total segment revenue</b>	<b>16,780</b>	<b>19,638</b>	<b>7,187</b>	<b>(4,644)</b>	<b>38,961</b>
<b>Segment Assets</b>	<b>5,181</b>	<b>22,360</b>	<b>3,750</b>	<b>(11,149)</b>	<b>20,142</b>
Tax assets					-
<b>Total assets</b>					<b>20,142</b>

Explanation of changed secondary segment reporting

Sales to external customers are recorded based on the geographical location of the customer.

Compumedics Limited  
Notes to the consolidated financial statements  
for the year ended 30 June 2009

Note 3. Dividends (Appendix 4E, Item 6)

No dividend has been declared or paid in the current or prior period

Dividend/distribution reinvestment plans (Appendix 4E item 7)  
NOT APPLICABLE

Note 4. Events occurring after reporting date

The company is not aware of any material matters that would impact the financial performance of the company at this time.

Compumedics Limited  
Notes to the consolidated financial statements  
for the year ended 30 June 2009

Note 5 - Reconciliation of profit after income tax to net cash flow from operating activities

	2009 \$'000	2008 \$'000
Profit / (Loss) for the year	2,729	756
Depreciation & amortisation	442	552
Property lease benefit amortisation	-	(9)
Change in deferred tax	-	(73)
RCN equity taken as interest	-	154
Net exchange differences	326	(139)
Change in operating assets and liabilities, net of effects from purchase of controlled entity		
Decrease (Increase) in receivables	1,543	298
Decrease (Increase) in inventories	886	307
(Decrease) Increase in payables	(1,587)	(362)
(Decrease) Increase in deferred revenues	5	107
(Decrease) Increase in other provisions	187	272
Net cash inflow/(outflow) from operating activities	4,531	1,863

Compumedics Limited  
Supplementary Appendix 4E information  
for the year ended 30 June 2009

Net Tangible Asset Backing (Appendix 4E item 9)

	2009	2008
Net tangible asset backing per ordinary share	5.0cents	4.1 cents

Controlled entities acquired or disposed of (Appendix 4E item 10)

No control was gained over any new entities nor control lost over any existing entities of the group.

Associates and Joint Venture entities (Appendix 4E item 11)

The company has no interest in any joint ventures at the date of this report.

Commentary on results (Appendix 4E item 14)

Earnings per share

Earnings per share improved with the underlying improvement in earnings for the Company already discussed.

Returns to shareholders

As per earnings per share commentary.

Significant features of operating performance

Comments already noted.

Compumedics Limited  
Supplementary Appendix 4E information  
for the year ended 30 June 2009

Results of segments

Primary Segments:

The primary business sectors each had geographical markets continuing to grow in the current economic environment but to a large extent this was negated by the impact of the GFC on our key US and European markets.

Trends in performance

The focus for the Company will be resuming the profitable growth of the Company by continuing to logically expand its market penetration in each of its existing key markets being sleep, brain and ultrasonic blood flow monitoring as the financial capacity of the Company allows for this.

Other factors that affected results in the period or which are likely to affect results in the future

All material matters have been discussed.

Foreign Accounting standards [\(Appendix 4E item 13\)](#)

Not applicable.

Audit [\(Appendix 4E items 15 - 17\)](#)

This report is based on accounts that are in the process of being audited.