



**ASX / MEDIA RELEASE**  
**Melbourne Australia**  
**30 August, 2013**

**Compumedics Limited**  
**Business Update: Appendix 4E Release**

***Current Performance Highlights:***

- NPAT and positive EBITDA at \$(1.5)m and \$0.3m respectively for the year ending 30 June 2013, compared to \$(2.8)m and \$(0.1)m in FY2012, despite constrained working capital for most of the current financial year
- Revenues shipped and invoiced remained stable at \$27.2m, compared to \$27.9m for the previous year
- Asia (including China), Europe (including Germany) and the Middle East all posted growth in shipped and invoiced sales, with growth of 51%, 100%, 60% and 83% respectively. Australia, US and Japan shipments were adversely effected by the restricted working capital, but will return to growth in the first half of FY2014
- Record \$7.3m sales orders on-hand, which will be shipped in the first half of FY2014, utilising the additional funding, received in June.
- Cash on hand and debt levels were stable during the period, with cash and debt at \$1.2m and \$2.3m respectively, compared to \$1.1m and \$2.0m in FY2012.
- Specific refinancing milestones were completed in June, as previously noted to the Australian Stock Exchange (ASX), with an additional \$0.85m of funding concluded at that time

***Business Outlook:***

- The Company's previously articulated expansion strategy focused on a greater footprint in sleep diagnostics, expansion into the neuro-monitoring and Long-Term EEG Monitoring (LTEM) market and entry into the sleep-treatment market, remains on track, and will be accelerated with the restoration of profitability in the first half of FY2014 and the increased momentum this will deliver to the selling process.

Leading Australia-based medical device company, **Compumedics Limited (ASX: CMP)**, is pleased to announce a stable financial outcome for the year ending 30 June 2013, despite delayed key refinancing milestones. Comparable shipped and invoiced sales were \$27.3m compared to \$27.9m in the previous year. Importantly, the Company significantly reduced net losses after tax to \$1.5m from \$2.8m in FY2012 and restored profitability at EBITDA, generating a \$0.3m profit compared to a \$0.1m loss in the previous year. The Company took new orders in the year of \$28.1m, resulting in a record \$7.3m of sales orders on hand at 30 June 2013.

As the Company completed significant refinancing milestones in June 2013, it expects to have shipped most of its backlog of sales orders through the first half of FY2014. This should see the Compumedics return to profitability in the first half of FY2014.

The following table highlights the key financial performance measures on this basis.

	<b>FY2013</b>	<b>FY2012</b>	<b>Variance</b>
Revenues – as reported	\$27.2m	\$27.9m	(3)%
<b>Revenues – constant currency</b>	<b>\$27.2m</b>	<b>\$27.9m</b>	<b>(3)%</b>
EBITDA – as reported	\$0.3m	\$(0.1)m	n/a
NPAT – as reported	\$(1.5)m	\$(2.8)m	n/a

### **Highlights and Achievements for Compumedics for the year ended 30 June, 2013**

- EBITDA was a \$0.3m profit compared to a loss of \$(0.1)m in the prior year, as a result of on-going efficiency gains in manufacturing, despite the constrained working capital environment for most of the year
- Shipped and invoiced sales were stable at \$27.2m compared to \$27.9m for the previous year
- Cash on hand and debt levels were also stable during the period at \$1.2m and \$2.3m respectively compared to \$1.1m and \$2.0m in FY2012
- The Company had record sales orders of \$7.3m on-hand at 30 June 2013

### **Core diagnostic medical-device business separated from medical innovation business**

Compumedics is pleased to report to the market, both aggregated and disaggregated financial performance, which is attributable to its core diagnostic medical-device business and its investment in technologies and products being developed in its medical innovation business. The Company believes the disaggregated information provides the investment community with a clearer and more transparent picture of these two distinct activities currently being undertaken within the Company.

The Company's core diagnostic medical-device business encompasses the technology and products currently sold globally for the diagnosis and/or monitoring of sleep disorders and neurological disorders, and for the monitoring of blood flow through the brain. It also includes products and technology used in advanced brain function research.

The Company's medical innovation business primarily includes technologies and products for the treatment of sleep disorders and less developed technologies for driver fatigue monitoring and depth of anaesthesia monitoring.

AUDm	Earnings adjusted for unrealised FX losses					
	Medical diagnostic devices		Medical Innovation		As Reported	
	FY2013	FY2012	FY2013	FY2012	FY2013	FY2012
Revenues	27.2	27.4	0.0	0.5	27.2	27.9
R&D expense	3.6	3.0	0.8	1.6	4.4	4.6
<b>EBITDA</b>	<b>1.1</b>	<b>0.5</b>	<b>(0.8)</b>	<b>(0.6)</b>	<b>0.3</b>	<b>(0.1)</b>
<b>EBITDA to revenue</b>	<b>1.8%</b>	<b>1.8%</b>			<b>0.0%</b>	<b>0.0%</b>
Depreciation and amortisation	(0.4)	(0.4)	(0.8)	(0.8)	(1.2)	(1.2)
EBIT	0.7	0.1	(1.6)	(1.4)	(0.9)	(1.3)
Finance charges	(0.4)	(0.5)	-	-	(0.4)	(0.5)
Tax (exp)/credit	(0.2)	(1.0)	-	-	(0.2)	(1.0)
<b>Net profit after tax (NPAT)</b>	<b>0.1</b>	<b>(1.4)</b>	<b>(1.6)</b>	<b>(1.4)</b>	<b>(1.5)</b>	<b>(2.8)</b>
<b>NPAT to revenue</b>	<b>0%</b>	<b>(1.8)%</b>	<b>n/a</b>	<b>n/a</b>	<b>(5.4)%</b>	<b>(6.8)%</b>
Operating cash	1.2	2.0	(1.0)	(0.6)	0.2	1.4

#### Highlights and Achievements for the “diagnostic” medical-device businesses for the year ended 30 June 2013:

- EBITDA was a \$0.3m profit compared to a loss of \$(0.1)m in the prior year, as a result of on-going efficiency gains in manufacturing, despite the constrained working capital environment for most of the year
- Shipped and invoiced sales were stable at \$27.2m compared to \$27.9m for the previous year
- Cash on hand and debt levels were also stable during the period at \$1.2m and \$2.3m respectively, compared to \$1.1m and \$2.0m in the previous year
- Compumedics had record sales orders of \$7.3m on-hand at 30 June 2013

#### Highlights and Achievements for the medical innovation business for the year ended 30 June 2013:

- The Company has executed an agreement for supply of SPAP sleep treatment devices to Thailand and continues to work with its major shareholder and distributor of diagnostic products, Medigas, on the development of the business there. Supply to both parties will increase over the next financial year.
- The Company continues to progress the FDA application and new requirements that are required to meet for completion of the process to access the US market for sleep treatment devices.

## Key Growth Opportunities

Compumedics believes current key growth opportunities derive from the following primary initiatives:

1. Continuing the current two to three-fold expansion of Compumedics' core sleep and neuro medical diagnostic device sales in the key US and European markets
2. Continuing its expansion into the global Long-Term EEG Monitoring (LTEM) market with its new innovative LTEM device, Neuvo®. Having secured initial sales of the device in the important US market, Compumedics will continue to expand its market penetration in this and other major geographic markets

During the 2013 financial year, Compumedics has continued a major renewal and expansion of its US-based direct sales team. This has involved expanding the existing sales team to ensure Compumedics has a footprint over all major markets within the US. The company has also selectively expanded its resources in Europe to achieve targeted outcomes in FY2013. These changes together with recent successes in France will enable Compumedics to further regenerate revenue growth as the Company emerges from the constraints of the last financial year.

As noted, Compumedics has entered the LTEM market, a new and incremental market, with the launch of its innovative LTEM product, Neuvo®. This takes Compumedics into a pre-existing, but new market for the Company, which has estimated current annual sales of about US\$200m in the US and approximately US\$400m globally. Compumedics is well-positioned to capture a 5% share of this global market over the next few years. Compumedics has achieved approximately \$4m in annual incremental revenues from this market over the last two years and will look to expand this through to the initial target of a 5% global market share.

Compumedics has the most sophisticated and advanced range of portable sleep-monitoring systems of any of the companies competing in these markets. The Company has been recognised as the leader in this field since winning the contract to supply the world's largest sleep study of its kind with portable systems: the Sleep Heart Health Study (SHHS) coordinated by the US National Institute of Health. The SHHS has completed approximately 20,000 sleep studies, using Compumedics' portable monitoring equipment. Compumedics has been in the process of reinvigorating its US home-sleep-testing (HST) business and expects further announcements relating to these developments in the near future. The Company has a consistent track record of winning technological awards for its new products.

## Financial Outlook

Compumedics expects the identified key growth opportunities to deliver an increase in revenues and earnings in the current financial year. However, given the on-going uncertainty pervading the economic conditions of its key trading markets, the Company will not issue specific financial guidance at this time.

Compumedics expects growth beyond the current financial year to result from a combination of:

- Organic growth from the core businesses and the key growth opportunities identified
- The expansion of the business into sleep-treatment markets, and

- Opportunistic mergers, acquisitions, or alliances that are identified as being complementary to the Company's existing product range and incremental to the financial performance of the Company.

Strategically, the Compumedics continues to review all business development options available to fully unlock the commercial potential within the range of technologies and products that the Company currently has or is developing.

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#### **About Compumedics**

Compumedics Limited was founded in **1987** by current Chairman/CEO Dr. David Burton and today is a global leader in the design and manufacture of diagnostic technologies for sleep disorders, neurophysiology and cardiology. In **1987** Compumedics established Asia Pacific's first fully computerized sleep laboratory. Compumedics holds 80% share of the Australian sleep-diagnostic market, and has a major and rapidly growing presence in the US, European and Asian marketplaces for its sleep, neurological, and Doppler blood-flow diagnostic monitoring devices. In **1995** the company was selected to supply equipment to the US Sleep Heart Health Study, the world's largest sleep study of its kind, with over 8,000 participants scheduled by 2008. With headquarters in Melbourne, Australia and offices in the United States and Europe, its products are distributed in over 50 countries. In **1998** Compumedics was awarded the overall Australian Exporter of the Year. In **2000** Compumedics was listed on the Australian Stock Exchange. In **2002**, Compumedics acquired US-based **Neuroscan** - the world's leading supplier of instruments for brain research. In the US - the world's largest medical device market - Neuroscan holds around 90% of the market for brain-research products. In **2003** Compumedics was awarded the Frost & Sullivan Award for Market Expansion Strategy. In **2004**, Compumedics acquired Germany-based **DWL Elektronische GmbH**, enabling Compumedics to expand its global operations into the neurovascular and cardio-vascular diagnostic fields. In **2006**, Compumedics was awarded the Frost and Sullivan Technology Leadership award for its innovative Somte® recorder product. In **2007**, Compumedics and its Chairman were inducted into the Victorian Manufacturing Hall of Fame. In **2008** the DWL division received a top 100 German Innovation award. With 20,000 systems installed globally across the finest hospital, universities and clinics Compumedics sales have grown more than 4-fold from \$9 million (1999) to \$39 million (2008). In **2009** Compumedics was awarded a design award for its GRAEL® PSG/EEG premium laboratory-based product. In **2010** Compumedics was recognized by the Australian Innovation Government and Industry body as one of Australia's Top 100 Health Innovators through its world leading devices for sleep diagnostics. In **2011** Compumedics was selected as one of the 25 innovative Australian companies by the Australian Governments Department of Innovation, Industry, Science and Research (Industry). For further background please visit: [www.compumedics.com](http://www.compumedics.com) <http://www.compumedics.com>