

COMPUMEDICS LIMITED

(ACN 006 854 897)

ASX Half-year information – 31 December 2003

Lodged with the ASX under Listing Rule 4.2A.3

This information should be read in conjunction with the
30 June 2003 Annual Report.

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Compumedics Limited
Half Year ended 31 December 2003
(Previous corresponding period:
Half Year ended 31 December 2002)

Results for Announcement to the Market

				\$'000
Revenue from ordinary activities <i>(Appendix 4D item 2.1)</i>	up/ down	5%	to	17,313
Profit/(loss) from ordinary activities after tax attributable to members <i>(Appendix 4D item 2.2)</i>	up/ down	4,308%	to	1,058
Net profit/(loss) for the period attributable to members <i>(Appendix 4D item 2.3)</i>	up/ down	4,308%	to	1,058

Dividends/distributions <i>(Appendix 4D item 2.4)</i>	Amount per security	Franked amount per security
Final dividend	N/A	N/A
Interim dividend	N/A	N/A

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

Not applicable

Explanation of Revenue *(Appendix 4D item 2.6)*

Revenue for the six months ended 31 December 2003 was \$17.3m a 5% increase over the six months ended 31 December 2002. Strong growth was recorded in the Sleep and Neuroscience businesses in Japan and the USA respectively. The USA Neuroscan business was also very strong following the introduction of Synamp2, during the current six-month period.

Explanation of Profit/(loss) from ordinary activities after tax *(Appendix 4D item 2.6)*

Profits after tax improved \$1.1m to a \$1.1m profit compared to a \$0.0m result in the previous corresponding period. The result represents the improvements in the underlying trading performance of the business, including improved margins from June 30 and tighter cost controls.

Explanation of Dividends *(Appendix 4D item 2.6)*

In line with the Company's previously stated policy a dividend will not be payable at this time.

Compumedics Limited
Half Year report - 31 December 2003

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2003 and any public announcements made by Compumedics Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' Report

Interim Report – 31 December 2003

Your directors present their report on the consolidated entity consisting of Compumedics Limited and the entities it controlled at the end of, or during the half-year ended 31 December 2003.

Directors

The following persons were directors of Compumedics Limited during the whole of the half-year and up to the date of this report.

D. Burton
K. Koike
J. Dyson
A. Anderson
G. Mitchell

Review of Operations

A summary of consolidated revenues and results for the half year is set out below:

	6 mths ended Dec 2003	6 mths ended Dec 2002	Change %
Operating Revenue (A\$'000)	17,313	16,504	5%
Total Revenue (A\$'000)	17,396	16,709	4%
Earnings before Interest and Tax (A\$'000)	1,142	178	541%
Profit After Tax (A\$'000)	1,058	24	4,308%
Earnings Per Share (cents)	0.76¢	0.02¢	370%
Diluted Earnings Per Share (cents)	0.75¢	0.02¢	370%

Comments on the operations are as follows:

Regional Performance

The USA and Rest of World (ROW) businesses performed significantly better from an earnings point of view: \$1.1m, profit after tax compared to \$0.0m in the previous corresponding period. Also, net cashflow improved significantly to \$1m positive compared to a negative \$2.9m last period.

Strong revenue growth was achieved in the Sleep Asia business and in the USA Neuroscan and Neuroscience

Rounding of amounts to nearest thousand dollars

The company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

This report is made in accordance with a resolution of the directors.



D. Burton
Executive Chairman

Melbourne
17 February, 2004

Compumedics Limited
Consolidated statement of financial performance
For the six months ended 31 December 2003

Notes	2003 \$'000	2002 \$'000
Revenue from sale of goods and services	17,313	16,504
Cost of sales ⁽¹⁾	(7,045)	(8,261)
Gross profit	10,268	8,243
Other revenues from operating activities	83	205
Administration	(1,800)	(1,917)
Sales & Marketing	(3,400)	(2,982)
Research & Development	(3,290)	(1,937)
Borrowing costs	(92)	(28)
Depreciation Charge	(251)	(254)
Amortisation of intangibles ⁽²⁾	-	(1,013)
Net foreign exchange loss	(468)	(167)
Profit from ordinary activities before income tax (benefit) / expense	1,050	150
Income tax (benefit) / expense	3	126
Profit from ordinary activities after income tax benefit	1,058	24
Net Profit attributable to members of Compumedics Limited	1,058	24
Net exchange differences on translation of financial report of foreign controlled entity	-	
Total changes in equity other than those resulting from transactions with owners as owners	-	
Earnings per share (cents):		
Basic	0.76¢	0.02¢
Diluted	0.75¢	0.02¢

The above statement of financial performance should be read in conjunction with the accompanying notes.

1. Service and Logistics income and expenses previously classified below the gross profit line have been classified in Cost of sales in 2003. The 2002 numbers have been restated to reflect this change.
2. Intangible assets were fully written off as at 30 June 2003; as such no amortisation cost has been incurred in the current six month period to 31 December 2003.

Compumedics Limited
Consolidated statement of financial position
as at 31 December 2003

	2003 \$'000	As reported in the Annual Report at 30 June 2003 \$'000	2002 \$'000
CURRENT ASSETS			
Cash assets	6,396	5,366	5,635
Receivables	7,682	8,624	10,896
Inventories	7,523	8,416	8,436
Other	76	180	99
TOTAL CURRENT ASSETS	21,677	22,586	25,066
NON-CURRENT ASSETS			
Property, plant and equipment	954	1,176	1,257
Intangible assets	-	-	16,842
NON-CURRENT ASSETS	954	1,176	18,099
TOTAL ASSETS	22,631	23,762	43,165
CURRENT LIABILITIES			
Payables	3,242	4,578	3,668
Interest bearing liabilities	2,753	4,729	5,293
Current tax liabilities	49	52	79
Provisions	742	845	816
Other	1,347	1,218	211
TOTAL CURRENT LIABILITIES	8,133	11,422	10,067
NON CURRENT LIABILITIES			
Interest bearing liabilities	1,601	507	2,184
Deferred tax liabilities	-	-	532
Provisions	163	158	127
TOTAL NON-CURRENT LIABILITIES	1,764	665	2,843
TOTAL LIABILITIES	9,897	12,087	12,910
NET ASSETS	12,734	11,675	30,255
EQUITY			
Contributed equity	29,147	29,147	29,147
Retained profits	(16,413)	(17,472)	1,108
TOTAL EQUITY	12,734	11,675	30,255

The above statement of financial position should be read in conjunction with the accompanying notes.

Compumedics Limited
Consolidated statement of cash flow
For the six months ended 31 December 2003

	2003	2002
	\$'000	\$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of goods and services tax)	18,332	13,904
Payments to supplies and employees (inclusive of goods and services tax)	(16,695)	(14,921)
	<hr/> 1,637	<hr/> (1,017)
Interest and other items of a similar nature received	82	157
Other revenue	-	13
Interest and other costs of finance paid	(92)	(33)
Income tax refund	78	-
Net cash inflow (outflow) from operating activities	<hr/> 1,705	<hr/> (880)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(56)	(553)
Payments for intellectual property costs	-	1,401
Net cash inflow (outflow) from investing activities	<hr/> (56)	<hr/> (1,954)
CASH FLOWS FROM FINANCIAL ACTIVITIES		
Proceeds from borrowings	2,503	-
Repayments of finance leases	(43)	-
Repayment of borrowings	(2,960)	(64)
Net cash inflow (outflow) from financing activities	<hr/> (500)	<hr/> (64)
NET INCREASE (DECREASE) IN CASH HELD	<hr/> 1,149	<hr/> (2,898)
Cash at the beginning of the year	5,366	8,533
Effects of exchange rate changes on cash	(119)	-
CASH AT THE END OF THE PERIOD ⁽¹⁾	<hr/> 6,396	<hr/> 5,635

⁽¹⁾ The cash balance at 31 Dec 03 includes \$1 million held as a term deposit, which is restricted as a guarantee against loan balances.

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

Compumedics Limited
Notes to the consolidated financial statements
For the six months ended 31 December 2003

Note 1. Basis of preparation of half-year financial report

This general purpose financial report for the interim half-year reporting period ended 31 December 2003 has been prepared in accordance with Accounting Standard AASB 1029 *Interim Financial Reporting*, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2003 and any public announcements made by Compumedics Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Note 2. Segment information

Primary reporting – business segments

	Sleep	Neuroscan	Neuroscience	NMS*	Unallocated/ Elimination	\$'000 Group
Total segment revenue	8,994	5,586	1,283	1,450	-	17,313
SEGMENT RESULT	511	353	72	70	-	1,006
Net Interest expense/(income)						(44)
Tax expense/(credit)						(8)
PAT						1,058

**Segment reporting – Primary
Previous corresponding period, 31 December 2002**

	Sleep	Neuroscan	Neuroscience	NMS	Unallocated/ Elimination	\$'000 Group
Total segment revenue	8,825	4,848	989	1,842	-	16,504
SEGMENT RESULT	1,093	(407)	(719)	211	-	178
Net Interest expense/(income)						28
Tax expense/(credit)						126
PAT						24

- **NMS = Neuro Medical Supplies**

Compumedics Limited
Notes to the consolidated financial statements
For the six months ended 31 December 2003

Note 3. Income tax expense

	2003	2002
	\$'000	\$'000
<hr/>		
The income tax expenses for the financial period differs from the amount calculated on the profit.		
The differences are reconciled as follows:		
<hr/>		
Profit from ordinary activities before income tax expense / (benefit)	1,058	150
Income tax calculated @ 30%	317	45
Tax effect of permanent differences		
25% Non-grant R&D loading / allowance	(141)	(84)
Other permanent differences	9	55
Non-deductible amortisation	-	107
Utilisation of prior year tax losses	(193)	-
	<hr/>	<hr/>
	(8)	123
Under (over) provision in previous year	-	3
Aggregate income tax expense / (benefit)	(8)	126
<hr/>		

Note 4. Event occurring after reporting date

The Company is not aware at the date of release of this information of any event that has occurred since reporting date that would impact the financial performance of or financial position of Compumedics Limited as reported.

Compumedics Limited
Directors' Declaration
For the six months ended 31 December 2003

The directors declare that the financial statements and notes set out on pages 5 to 9:

- (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
- (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2003 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that Compumedics Limited will be able to pay its debts as and when they become due and payable.

This declaration is made with the resolution of the directors.



David Burton
Executive Chairman

Melbourne
17 February 2004

Independent review report to the members of Compumedics Limited

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Compumedics Limited, set out on pages 5 to 10:

- does not give a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of the Compumedics Group (the consolidated entity) as at 31 December 2003 and of its performance for the half-year ended on that date, and
- is not presented in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This statement must be read in conjunction with the rest of our review report.

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for the Compumedics Group (the consolidated entity), for the half-year ended 31 December 2003. The consolidated entity comprises both Compumedics Limited (the company) and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of company personnel, and
- analytical procedures applied to financial data.

When this review report is included in a document containing information in addition to the financial report, our procedures include reading the other information to determine whether it contains any material inconsistencies with the financial report.

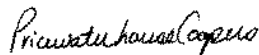
These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

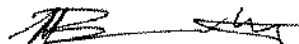
Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.



PricewaterhouseCoopers



SC Bannatyne

Melbourne
17 February 2004

Compumedics Limited
Supplementary Appendix 4D information

NTA Backing (Appendix 4D item 3)

	2003	2002
Net tangible asset backing per ordinary share	9.1 cents	9.6 cents

Controlled entities acquired or disposed of (Appendix 4D item 4)

Acquired			
Date control gained	Date	Date	Date
Contribution to profit from ordinary activities after tax in current period, where material	N/A	N/A	N/A
Profit from ordinary activities after tax during the whole of the previous corresponding period, where material	N/A	N/A	N/A

Disposed of			
Date control lost	Date	Date	Date
Contribution to profit from ordinary activities after tax in current period, where material	N/A	N/A	N/A
Profit from ordinary activities after tax during the whole of the previous corresponding period, where material	N/A	N/A	N/A

Additional dividend/distribution information² (Appendix 4D item 5)

Details of dividends/distributions declared or paid during or subsequent to the year ended 31 December 2003 are as follows: **NOT APPLICABLE**

Record date	Payment date	Type	Amount per security	Total dividend	Franked amount per security	Foreign sourced dividend amount per security
N/A	N/A	N/A	N/A	N/A	N/A	N/A

Dividend/distribution reinvestment plans (Appendix 4D item 6)

NOT APPLICABLE

Associates and Joint Venture entities (Appendix 4D item 7)

Name	Ownership interest		Aggregate share of profits/(losses), where material		Contribution to net profit, where material	
	2003 %	2002 %	2003 \$	2002 \$	2003 \$	2002 \$
	N/A	N/A	N/A	N/A #	N/A	N/A

Audit Alert (Appendix 4D items 9)

Not applicable

Compumedics Limited
Supplementary Appendix 4D information

Material factors affecting the revenues and expenses of the economic entity for the current period

- (i) Profits after tax have improved as a result of the underlying growth in the business, improved margins from 30 June 2003 and tighter cost controls.
- (ii) The major impact on revenues, expenses and therefore profitability of the business was the movement in the AUD/USD exchange rate. At the 31 December 2003 the average AUD/USD exchange rate for the six months was 0.6863. For the same six month period to 31 December 2002 the average AUD/USD exchange rate was 0.5532. The impact of this appreciation of Australian dollar was to reduce revenue by \$3.0m as reported in Australian dollars and reduce profits after tax by \$1.1 m as reported in Australian dollars.

Material factors affecting the assets, liabilities and equity of the economic entity for the current period

- (i) Cash has increased due to the improved trading position of the business and the consistency of that business on a month by month basis. The improvement in debtor days to 86 days at 31 December 2003 from 121 days at the same time last year and 96 days at 30 June 2003 has also positively impacted cash.
- (ii) Intangible assets. At the 30 June 2003 the Directors of Compumedics Limited decided to write off the remaining carry value of intangible assets at that time. The reasons were fully explained at that time and in the Annual Report of the Company for 2003. All Research and Development costs incurred by the business for the 6 months to 31 December 2003 have been fully expensed to the statement of financial performance for the six month period to 31 December 2003.
- (iii) Current and non-current interest bearing liabilities. The movements in these two balance sheet items reflects the re-financing of the remaining liabilities associated with the acquisition of the Neuroscan business. In December 2003 the bank refinanced these liabilities with the ANZ Bank. The remaining liabilities which totalled \$3.7m at 31 December 2003 are repayable at \$0.35m per quarter for the next three years.

Material factors affecting the cash flows of the economic entity for the current period

The significant improvement in the cashflow performance of the business has resulted from the improved trading position of the business, an improvement in the consistency of business month by month, improved debtor days and tighter inventory management.