
COMPUMEDICS LIMITED

(ACN 006 854 897)

ASX Half-year information 31 December 2009

Lodged with the ASX under Listing Rule 4.2A.3

This information should be read in conjunction with the 30 June 2009 Annual Report.

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Compumedics Limited
Half-year ended 31 December 2009

(Previous corresponding period:
Half-year ended 31 December 2008)

Results for Announcement to the Market

				\$'000
Revenue from continuing operations <i>(Appendix 4D item 2.1)</i>	Down	6%	to	16,042
Profit before interest and tax (A\$'000)	Down	80%	To	557
Profit after tax attributable to members <i>(Appendix 4D item 2.2)</i>	Down	87%	to	331
Net profit for the period attributable to members <i>(Appendix 4D item 2.3)</i>	Down	87%	to	331

Dividends/distributions <i>(Appendix 4D item 2.4)</i>	Amount per security	Franked amount per security
Final dividend (prior year)	n/a	n/a

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

n/a

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

The Company reported solid orders taken and on-hand for the six months to 31 December 2009, at \$18m compared to \$17.8m (on an equivalent currency basis) for the prior corresponding half-year, driven by demand for newly released products, particularly from Germany. This did not translate in to shipped and invoiced revenues for the six month period to 31 December 2009, with revenues 6% lower at \$16.0m for the half-year to 31 December 2009 compared to \$17.1m for the prior corresponding half-year.

Revenues shipped and invoiced for the six-month period to 31 December 2009 were impacted by the following factors:

- 1 The Company recently notified the Australian Stock Exchange (ASX) [ASX Code: CMP, 22nd January, 2010] it had obtained FDA clearance for its Grael® HD-PSG high-definition sleep diagnostic system. The worlds first high-definition sleep diagnostic amplifier. The Company had anticipated receiving FDA clearance for this product sooner than that achieved and as a consequence the December quarter and December month-end US based sales were

lower than expected. Total US sales were down 15% on same time last year in US dollars reflecting not only the FDA delay but also the residual impacts of the GFC there. Sleep diagnostic system sales were down 25% whilst DWL, technical services and CardioSleep services all grew in the period. The Company expects incremental sales in the US through the second half of the financial year now that the FDA has cleared the Grael® HD-PSG system for sale in the US; and

- 2 The German business grew some 227%, on a shipped and invoiced basis, in the six months to 31 December 2009, compared to the prior corresponding half year with sales of €367k (\$613k) compared to €112k (\$202k) respectively. If orders-on-hand are taken into account then the German business grew some 869% over the prior corresponding half-year with orders of €1,086k (\$1,814k) compared to €112k (\$202k). This growth was not enough to offset the lower sales in the US business.
- 3 The Australian Dollar exchange rate to the US Dollar and the Euro increased at a faster pace than the Company anticipated and this resulted in underlying growth in other parts of the group to be less or non-existent when reported in Australian dollars.

The Company, in total, was holding about \$3m in orders-on-hand at 31 December 2009 and these were predominantly in relation to the new products the Company is releasing to market, in particular the Neuvo® LTM system, GRAEL™ HD-PSG diagnostic sleep system and the new Somté AASM complaint PSG screening device.

Additionally the Company is focused on its annuity style revenues through its supplies, sleep diagnostic services (CardioSleep Services) and technical service and support businesses. Revenues from these activities represented \$3.2m or 20% of total revenues in the six-month period ended 31 December 2009, and were comparable to the prior corresponding half-year.

Revenues from these annuity style business areas will be further enhanced by the Company's introduction of its SomniLink® SPAP® sleep-treatment device and associated consumables.

Explanation of Profit after tax *(Appendix 4D item 2.6)*

Profit after tax for the half-year to 31 December 2009 was \$0.3m compared to a profit of \$2.5m for the prior corresponding half-year.

The reduction in the earnings of the business was driven primarily by sharp rise in the Australian dollar to the US dollar and the Euro, which resulted in a foreign currency unrealised loss of \$1.1m,

compared to a \$2.5m gain in the corresponding prior period. The negative \$3.6m swing in foreign exchange impact between the two half-year periods resulted in only a \$2.2m impact on profit for the half-year period due to higher margins and ongoing tight control of expenses.

The earnings performance of the business also reflects the impact of the delayed FDA clearance for Grael in the US, which has now been resolved.

In terms of the key growth opportunities for the core sleep, brain and ultrasonic blood-flow monitoring businesses the Company believes these will come from four primary areas, being:

1. The evolution of the home-sleep-testing (HST) market in the US as a result of recent changes to USA private and government funding of HST and the expected growth in sales of small limited channel sleep-diagnostic screener devices. To-date this market is still in its formative stages
2. The expansion of our core sleep-diagnostic and brain (neurological) monitoring businesses in Europe. Specifically, Germany and France are being established as direct sales bases
3. The entry of Compumedics into the global long-term EEG monitoring (LTM) market with the world-wide release of its new innovative LTM device, Neuvo®
4. For the first time the Company is realising a range of new products designed to compete across the complete sleep monitoring spectrum from the lowest cost home sleep testing (HST) devices to the latest premium Grael™ sleep laboratory based systems.
5. Expanding the sleep disorders business into sleep-treatment with the development of the SomniLink® SPAP® system market

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

No dividends were declared or paid in the period.

Compumedics Limited
Half-year report – 31 December 2009

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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 2009 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 2009

Your directors present their report on the consolidated entity consisting of Compumedics Limited and the entities it controlled at the end of and during the half-year ended 31 December 2009.

Directors

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

Mr. D. Burton
Mr. A. Anderson
Dr. G. Mitchell

Review of Operations

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

	6 months ended Dec 2009	6 months ended Dec 2008
Revenues from continuing operations (A\$'000)	16,042	17,083
Profit before interest, and tax (A\$'000)	557	2,806
Profit for the half-year (A\$'000)	331	2,458
Basic earnings per share (cents)	0.2	1.5
Diluted earnings per share (cents)	0.2	1.5

Business / Product Group Performance

Compumedics achieved a net profit after tax in the half-year to 31 December 2009 of \$0.3m compared with a profit of \$2.5m in the prior corresponding half-year. The overall result was impacted by a negative movement in foreign currencies (USD's and Euro's) in the amount of \$3.6m (before tax) for the six month period to 31 December 2009, compared to the prior corresponding half year. The negative \$3.6m swing in foreign exchange impact between the two half-year periods resulted in only a \$2.2m impact on profit for the half –year period due to higher margins and ongoing tight control of expenses.

Additionally the Company took orders of approximately \$18m for the half-year to 31 December 2009, but did not ship all of these due to the delayed FDA clearance for Grael® HD-PSG high-definition sleep diagnostic system. As already disclosed to market, FDA clearance was received in January 2010 and as a result incremental revenues are expected from this product

from the US market in the second half of the financial year. In spite of this Compumedics continued to improve its financial metrics over the half-year to 31 December 2009 including:

- EBITDA for the half year to 31 December 2009 was \$0.8m despite a \$3.6m unfavourable movement in unrealised exchange losses for the six month period to 31 December 2009 compared to the prior corresponding half-year
- Operating cash flow was solid at \$0.8m in the half-year to 31 December 2009, compared to \$2.3m in the prior corresponding half-year, when exchange rates were more favourable
- Borrowings were reduced further from \$2.3 million at June 2009 to \$1.2 million as at 31 December 2009 a 52% reduction over the 30 June 2009 balance
- Cash on hand at 31 December 2009 was \$1.7m compared to \$1.4m at 31 December 2008

The Company maintained its R&D program and has progressed the SomniLink® SPAP®, through tooling to initial shipments in early calendar 2010. Further the Company has released its innovative long-term neurological-monitoring product, Neuvo®, with early success in the German market.

Events subsequent to reporting date

The Company has refinanced the business with new bankers on terms and conditions and with appropriate facility limits to enable the business to pursue its on-going business and selected growth options. The new facilities were put in place on 18 February, 2010

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

Rounding of amounts

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

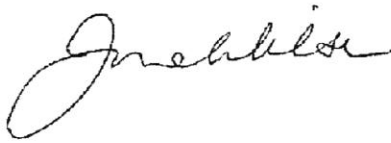
Melbourne
25 February, 2010

Auditor's Independence Declaration to the Directors of Compumedics Limited

In relation to our review of the financial report of Compumedics Limited for the half-year ended 31 December 2009, 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



June Wilson
Partner
25 February 2010

Compumedics Limited
Statement of comprehensive income
for the half-year ended 31 December 2009

Consolidated

Notes	Half-year 2009 \$'000	Half-year 2008 \$'000
Sale of goods	13,411	14,938
Rendering of services	1,843	1,884
Other revenue	788	261
Revenue	16,042	17,083
Cost of sales	(5,688)	(6,651)
Gross profit	10,354	10,432
Administration	(2,047)	(2,449)
Sales & Marketing	(4,129)	(5,132)
Research & Development	(2,482)	(2,564)
Other expenses	3 (1,139)	2,519
Finance costs	(226)	(348)
Profit before income tax	331	2,458
Income tax expense	-	-
Profit after income tax	331	2,458
Net profit for the period	331	2,458
Other comprehensive income		
Foreign currency translation	261	(292)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	592	2,166

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

Compumedics Limited
Statement of comprehensive income
for the half-year ended 31 December 2009

Notes	Half-year 2009 \$'000	Half-year 2008 \$'000
Earnings per share for profit attributable to the ordinary equity holders of the parent:	Cents	Cents
Basic earnings per share	0.2	1.5
Diluted earnings per share	0.2	1.5

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

Compumedics Limited
Statement of financial position
as at 31 December 2009

Notes	31 Dec 2009 \$'000	30 June 2009 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	1,626	2,607
Trade and other receivables	8,881	10,623
Inventories	4,589	3,798
Total current assets	15,096	17,028
Non current assets		
Property, plant and equipment	798	871
Intangible assets	4	3,559
Total non current assets	4,774	4,430
Total assets	19,870	21,458
LIABILITIES		
Current Liabilities		
Trade and other payables	3,740	4,347
Interest bearing liabilities	1,322	2,484
Provisions	1,774	1,938
Deferred revenues	678	1,023
Total current liabilities	7,514	9,792
Non current liabilities		
Interest bearing liabilities	6	17
Provisions	26	25
Deferred revenues	108	145
Total non current liabilities	140	187
Total liabilities	7,654	9,979
Net assets	12,216	11,479
EQUITY		
Contributed equity	5	31,007
Reserves	(955)	(1,216)
Retained earnings	(17,981)	(18,312)
Total equity	12,216	11,479

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

Compumedics Limited
Consolidated statement of changes
in equity for the half-year
ended 31 December 2009

	Contributed equity \$,000	Reserves \$,000	Retained Earnings \$,000	Total \$'000
Balance at 1 July 2009	31,007	(1,216)	(18,312)	11,479
Profit for the period	-	-	331	331
Other comprehensive income	-	261	-	261
Total comprehensive income / (loss) for the half year	-	261	331	592
Transactions with owners in their capacity as owners:				
Conversion of RCNs to equity	145	-	-	145
Balance at 31 December 2009	31,152	(955)	(17,981)	12,216
Balance at 1 July 2008	30,752	(1,206)	(21,039)	8,507
Profit for the period	-	-	2,458	2,458
Other comprehensive income	-	(292)	-	(292)
Total comprehensive income / (loss) for the half year	-	(292)	2,458	2,166
Transactions with owners in their capacity as owners:				
New shares issued	255	-	-	255
Balance at 31 December 2008	31,007	(1,498)	(18,581)	10,928

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

Compumedics Limited
Consolidated cash flow statement
for the half-year ended 31 December 2009

	Half-year 2009 \$'000	Half-year 2008 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	17,534	18,972
Payments to suppliers and employees (inclusive of goods and services tax)	(17,326)	(16,612)
Receipts from other income	787	261
Interest received	1	1
Interest paid	(226)	(347)
Net cash from operating activities	770	2,275
Cash flows from investing activities		
Purchase of property, plant and equipment	(79)	(132)
Purchase of intangible assets	(417)	(934)
Net cash (outflow) from investing activities	(496)	(1,066)
Cash flows from financing activities		
Contributed equity	-	255
Repayments of finance leases	-	-
Repayment of borrowings	(1,119)	(602)
Net cash (outflow) from financing activities	(1,119)	(347)
Net increase/(decrease) in cash and cash equivalents	(845)	862
Cash and cash equivalents at the beginning of the period	2,607	90
Net foreign exchange differences	(136)	262
Cash and cash equivalents at the end of the period	1,626	1,214
Add back overdraft presented as current interest bearing liabilities in the consolidated balance sheet	-	243
Cash and cash equivalents at the end of the period	1,626	1,457

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

Compumedics Limited
Notes to the financial statements
for the half-year ended 31 December 2009

1 Basis of preparation and accounting policies

(a) Basis of preparation

The general purpose condensed financial report for the half-year ended 31 December 2009 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This half-year financial report does not include all the notes of the type normally included within the annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2009 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 the most recent Annual Report for the year ended 30 June 2009, except as follows:

AASB 8 and AASB 2007-3

Operating Segments and consequential amendments to other Australian Accounting Standards (Application date of standard 1 January 2009 & Application date for Group 1 July 2009). The Group has adopted the new standard AASB 8 replacing AASB 114 Segment Reporting, which adopts a management reporting approach to segment reporting. AASB 8 is a disclosure standard and as such this interpretation, as expected, has had no impact on the amounts included in the Group's financial statements.

AASB 101 (Revised), AASB 2007-8 and AASB 2007-10

Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards (Application date of standard 1 January 2009 & Application date for Group 1 July 2009). Introduction of a Statement of Comprehensive Income. Other amendments include the impact on the presentation of items in the Statement of Changes in Equity, new presentation requirements for restatements or reclassifications of items in the financial statement and changes to the titles of the financial statements. These amendments, as anticipated have only affect the presentation of the Group's financial report and have not had a direct impact on the measurement and recognition of amounts disclosed in the financial report.

The Group has presented a single Statement of Comprehensive Income.

The Group has not elected to early adopt any other new standards, amendments or interpretations that are issued but not yet effective.

Compumedics Limited
Notes to the financial statements
for the half-year ended 31 December 2009

(b) Going Concern assumption

During the half-year ended 31 December, 2009 Compumedics Limited generated an operating profit of \$0.3m and positive cash flows from operations of \$0.8m. In the prior half-year period Compumedics generated an operating profit of \$2.5m and positive cash flows from operations of \$2.3m.

Compumedics Limited had a net cash position of \$0.4m at 31 December 2009, (cash at \$1.6m and bank debt at \$1.2m) which was the same as its net cash position at June 2009 (cash at \$2.6m and bank debts at \$2.2m) and an improvement from the \$(0.4)m net cash position at 31 December 2008 (cash at \$1.4m and bank debt at \$1.8m)

The consolidated entity secured new banking arrangements effective from 18th February 2010 on terms and conditions that will meet the anticipated working capital needs of the Company.

The financial report has been prepared on the basis that Compumedics Limited is a going concern, which assumes the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Compumedics Limited
Notes to the consolidated financial statements
for the half-year ended 31 December 2009

Note 2. Operating segment

Identification of reportable segments

The Group has identified its operating segments based on the internal reports, which are produced by geographical segment, that are reviewed and used by the chief operating decision maker in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the country of origin and the senior managers who are responsible for the performance of the business in that geographic territory, the type of product and service provided and whether the product is sold directly to end-user customers or via distributors,

The reportable segments are based on the product lines sold in that particular geographic territory as these are the sources of the Group's major risks and have the most effect on rates of return.

Geographic locations

America's

The Group's America's based business includes, the United States, Canada and Latin America. The Group sells all of its product offerings in this region including sleep diagnostic systems, clinical EEG systems, brain monitoring systems, ultra sonic blood-flow systems, supplies and technical service and support. The US business also includes that sleep diagnostic services business. Sales in the America's are predominantly direct sales to end-user customers. The US office is based in Charlotte, North Carolina.

Australia and Asia Pacific

The Group's head office is based in Melbourne, Australia and the Australia and Asia Pacific territory includes all countries in the Asia Pacific region with major countries for the territory including Japan and China. The Group sells all of its product offerings in this region including sleep diagnostic systems, clinical EEG systems, brain monitoring systems, ultra sonic blood-flow systems, supplies and technical service and support. The group sells directly to end-user customers in Australia and via a network of distributors into the Asian region.

Europe and the Middle East

The Group's Europe-based business has its principle office in Singen, Germany with a second office in Hamburg Germany. The Europe based territory includes all countries in the European region, plus all Middle Eastern countries. The Group sells all of its product offerings in this region

Compumedics Limited
Notes to the consolidated financial statements
for the half-year ended 31 December 2009

Note 2. Operating segment (continued)

including sleep diagnostic systems, clinical EEG systems, brain monitoring systems, ultra sonic blood-flow systems, supplies and technical service and support. The Group sells its ultrasonic blood-flow systems directly in Germany and all other products are sold via a network of distributors across the territory.

The following table represents revenue and profit information for reportable segments for the half-years ended 31 December 2009 and 31 December 2008

Half-year ended 31 December 2009

	Continuing operations			
	America's	Australia & Asia Pacific	Europe & Middle East	Total
	\$'000	\$'000	\$'000	\$'000
Revenue				
Sales to external customers	5,639	4,304	5,311	15,254
Other revenue	3	175	610	788
Inter-segment sales	413	1,286	169	1,868
Total segment revenue	6,055	5,765	6,090	17,910
Inter-segment elimination				(1,868)
Total revenue per the statement of comprehensive income				16,042
SEGMENT RESULT	(977)	1,645	(111)	557
Finance costs				226
Net profit before tax per the statement of comprehensive income				331
Segment assets				
Operating assets	3,446	26,163	4,133	33,742
Intersegment eliminations				(13,872)
Total assets from continuing operations per the statement of financial position				19,870

Compumedics Limited
Notes to the consolidated financial statements
for the half-year ended 31 December 2009

Half-year ended 31 December 2008

	Continuing operations			Total
	America's	Australia & Asia Pacific	Europe & Middle East	
	\$'000	\$'000	\$'000	\$'000
Revenue				
Sales to external customers	6,683	5,624	4,515	16,822
Other revenue	-	261	-	261
Inter-segment sales	525	1,258	572	2,355
Total segment revenue	7,208	7,143	5,087	19,438
Inter-segment elimination				(2,355)
Total revenue per the statement of comprehensive income				17,083
SEGMENT RESULT	(804)	3,563	47	2,806
Finance costs				348
Net profit before tax per the statement of comprehensive income				2,458
Segment assets				
Operating assets	5,694	27,108	4,551	37,353
Intersegment eliminations				(15,962)
Total assets from continuing operations per the statement of financial position				21,391

Compumedics Limited

**Notes to the consolidated financial statements
for the half-year ended 31 December 2009**

Note 3. Other expenses

The Company has an unrealised foreign exchange exposure at the end of each accounting period related to the revaluation of the assets and liabilities contained in the Company's off-shore entities in the United States and in Germany.

When the Australian dollar declines against the US dollar and the Euro this creates an unrealised exchange gain as off-shore assets become more valuable in Australian dollars. This was the case for the six-month period ended 31 December 2008, when the Company booked unrealised foreign exchange gains of \$2,519k.

However when the Australian dollar increases in value against the US dollar and the Euro the reverse is true. For the six-month period to 31 December 2009 the Australian dollar rose very quickly from the lows recorded at the height of the global financial crisis and as a result the Company has recorded an unrealised exchange loss of \$1,139k for the six-month ended 31 December 2009.

Note 4. Intangible assets

	31 Dec 09	30 Jun 09
	\$'000	\$'000
Intangible asset	\$3,976	\$3,559

Intangible assets comprise capitalised development costs associated with the SomniLink® SPAP® sleep-treatment device. \$417k of development costs were capitalised in the half-year to 31 December 2009. Amortisation of these costs will commence with the first commercial shipments of the SomniLink® SPAP® sleep treatment device, which shipped at the end of January 2010. The asset will be amortised over a period of 7 years.

Note 5. Equity securities issued

During the half-year to 31 December 2009 redeemable convertible notes (RCNs) issued in December 2008, were converted into new ordinary shares in the Company pursuant to the details of the RCN agreement entered into. The details are as follows:

- \$145,000, being 145 RCNs at a face value of \$1,000 each, was converted into new ordinary shares in the Company at a conversion factor of 13.5 cents per share. This resulted in 1,292,593 new ordinary shares being issued in the Company.

Compumedics Limited
Notes to the financial statements
for the half-year ended 31 December 2009

Note 6. Events occurring after balance date

The Company has refinanced the business with new bankers on terms and conditions and with appropriate facility limits to enable the business to pursue its on-going business and selected growth options. The new facilities were put in place on 18 February, 2010.

**Compumedics Limited
Directors' Declaration
for the half-year ended 31 December 2009**

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

In the opinion of the directors':

(a) the financial statements and notes set out on pages 9 to 16 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; 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 in accordance with a resolution of the directors.



David Burton
Executive Chairman

Melbourne
25 February 2010

To the members of Compumedics Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Compumedics Limited (the company), which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes, other information as set out in Appendix 4D to the Australian Stock Exchange (ASX) Listing Rules and the directors' declaration of the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Act 2001* and the ASX Listing Rules as they relate to Appendix 4D. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and the ASX Listing Rules as they relate to Appendix 4D. As the auditor of Compumedics Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Compumedics Limited is not in accordance with:

- a. the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
 - ii complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- b. the ASX Listing Rules as they relate to Appendix 4D.

A stylized, handwritten signature of the Ernst & Young firm, written in black ink.

Ernst & Young

A handwritten signature in black ink, which appears to be 'June Wilson'.

June Wilson
Partner
Melbourne
25 February 2010

Compumedics Limited
Supplementary Appendix 4D information
for the half-year ended 31 December 2009

NTA Backing *(Appendix 4D item 3)*

	2009	2008
Net tangible asset backing per ordinary share	5.1 cents	5.3 cents

Additional dividend/distribution information ² *(Appendix 4D item 5)*

Details of dividends/distributions declared or paid during or subsequent to the year ended 31 December 2008 are as follows:

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

Compumedics Limited Supplementary Appendix 4D information for the half-year ended 31 December 2009

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

The major impacts to the revenues and expenses of the economic entity in the half-year to 31 December 2009 have already been disclosed elsewhere in this document.

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

The major factors impacting the assets and liabilities of the Company relate to the on-going focus of the Company on enhancing its financial performance. In this half year period as noted the movement in the Australian dollar to the US dollar and the Euro has also impacted the assets and liabilities of the Company.

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

The major factors impacting the cash flows of the Company relate to the on-going focus of the Company on enhancing its financial performance. In this half year period as noted the movement in the Australian dollar to the US dollar and the Euro has also impacted the assets and liabilities of the Company.