COMPUMEDICS
LIMITED

'Defining *Life's* Signals'

Annual Report 2009

Financial Statements

> Sleep Monitoring > Brain Monitoring > Ultrasonic Blood Flow Monitoring

over 20 YEARS of SLEEP DIAGNOSTICS EXCELLENCE Since 1987

Compumedics Limited

ABN 95 006 854 897

Annual Statements

for the year ended 30 June 2009

Contents

Corporate Information

This annual report covers both Compumedics Limited as an individual entity and the consolidated entity comprising Compumedics Limited and its subsidiaries. The Group's functional and presentation currency is AUD ($).

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the directors' report on pages 2 to 14. The directors' report is not part of the financial report.

Directors	Mr. David Burton Dr. Graham Mitchell Mr. Alan Anderson
Secretary	Mr. David Lawson
Executive team	**Executive Chairman, CEO** Mr. David Burton **Chief Financial Officer** Mr. David Lawson **Chief Technology Officer** Mr. Warwick Freeman **Legal Counsel & Patent Attorney** Kerry Hubick **Business Director, Australia and New Zealand** Andrew Kegele **Vice President - Sleep Sales, USA** Claude Buckles **General Managing Director DWL Compumedics Germany GmbH** Christoph Witte **Vice President, Chief Scientist, Neuroscan** Curtis Ponton **Vice President, Marketing Americas** Tom Lorick
Notice of annual general meeting	The annual general meeting of Compumedics Limited **will be held at** Compumedics Limited, 30-40 Flockhart Street, Abbotsford VIC 3067 **time** 10.30am **date** Wednesday 28 October 2009
Principal registered office in Australia	30–40 Flockhart Street Abbotsford VIC 3067 Telephone: (03) 8420 7300
Share registers	Link Market Services Limited Level 4 333 Collins Street Melbourne VIC 3000 Phone: 1300 554 474
Auditor	Ernst & Young 8 Exhibition Street Melbourne VIC 3000
Stock exchange listings	Compumedics Limited shares are listed on the Australian Stock Exchange. Compumedics' ASX code is CMP.
Website address	www.compumedics.com

Directors' Report

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Compumedics Limited and the entities it controlled at the end of, or during, the year ended 30 June 2009.

The following persons were directors of Compumedics Limited during the whole of the financial year and up to the date of this report:

Mr. David Burton
Dr. Graham Mitchell
Mr. Alan Anderson

Principal activities

During the year the principal continuing activities of the Group were the research, development, manufacture and distribution of medical equipment. There have been no significant changes in the operation of the Group during the year.

Dividends - Compumedics Limited

The directors have not declared a dividend in the current financial year (2008: nil).

Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects and a summary of consolidated revenue and results by business segments are set out below:

	Sales Revenue		Segment Results	
	2009 $000	2008 $000	2009 $000	2008 $000
Sleep Monitoring	14,257	15,618	1,517	849
Brain Monitoring	10,249	12,132	1,631	(222)
Ultrasonic Blood Flow Monitory	8,244	6,487	(1,502)	(169)
Neuro Medical Supplies	5,620	4,339	1,639	939
Total continuing operations	**38,370**	**38,576**	**3,285**	**1,397**
Unallocated revenue less unallocated expenses			(560)	(714)
Profit before income tax expense			2,725	683
Income tax benefit				73
Profit for the year			**2,725**	**756**

Comments on the operations and the results of those operations are set out below:

(a) Sleep Monitoring
Revenues in the sleep monitoring device business at $14.3m were lower than the previous corresponding period. This was primarily due to the impact of the global financial crisis (GFC) on sales and sleep diagnostic equipment in US and Europe in particular. Australia and Asia, excluding Japan, were largely unaffected by the GFC.

(b) Brain Monitoring
The segment result for the brain monitoring business was also impacted by the GFC particularly the US market where funding for brain research sales are driven largely by income from endowment funds, which were impacted first by the GFC.

Review of operations (continued)

(c) Ultrasonic Blood Flow Monitory
Revenues in the ultrasonic blood flow (DWL) business were not impacted by the GFC, posting growth of 27% over the prior year. This was primarily due to strong demand from Asia.

(d) Supplies and Services
Revenue in the Neuro Medical supplies business increased by 30% to $5.6m compared to the prior year. The supplies business represented 15% of total revenues for the year ended 30 June 2009, which compares to 11% for the prior year.

Significant Changes in State of Affairs

There have been no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

The directors are not aware of any events occurring subsequent to balance sheet date that would materially affect this report.

Likely developments and expected Results

The focus for the Group will be on continuing the profitable growth of the Group, to further capitalise on the larger and growing customer base of the Group.

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in these financial statements because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental Regulation

The Group is not subject to significant environmental regulation in respect of its activities.

Information on directors

David Burton Chairman and Chief Executive Officer, Age 50.

Experience and expertise
Founder and major shareholder of Compumedics. Extensive experience in the development, design, manufacture and sale of medical devices and the development of the business.

Other current directorships
Intellirad Pty Ltd
D&DJ Burton Holdings Pty Ltd
Electro Molecular Pty Ltd

Former directorships in last 3 years
None

Review of operations (continued)

Special responsibilities
Chairman of the Board
Member of remuneration committee

Interests in shares and options
100,007,282 ordinary shares in Compumedics Limited
Nil options over ordinary shares in Compumedics Limited
100 redeemable convertible notes

Dr. Graham Mitchell AO Independent Non-Executive Director, Age 68.

Experience and expertise
Substantial scientific and academic qualifications coupled with significant directorship experience.

Other current directorships
Antisense Therapeutics Pty Ltd
AgVic Services Pty Ltd
Adelaide Research and Innovation Pty Ltd
Avipep Pty Ltd

Former directorships in last 3 years
Geoffrey Gardner Dairy Foundation

Special responsibilities
Member of the Remuneration Committee

Interests in shares and options
None

Alan Anderson Non-Executive Director, Age 53.

Experience and expertise
Extensive legal experience particularly in intellectual property litigation in both defence and offence.

Other current directorships
None

Former directorships in last 3 years
None

Special responsibilities
Chairman of the Remuneration Committee
Chairman of the Audit Committee

Interests in shares and options
89,665 ordinary shares in Compumedics Limited

Company secretary

The company secretary is Mr. D. F. Lawson, Chartered Accountant. Mr. Lawson was appointed to the position of Company Secretary in 2000. Before joining Compumedics Limited he held various financial positions with another listed public company for 8 years.

Meetings of directors

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2009, and the numbers of meetings attended by each director were:

			Meetings of committees			
	Full meetings of directors		Audit		Remuneration	
	A	B	A	B	A	B
Mr. David Burton	11	11	2	3	1	1
Dr. Graham Mitchell	11	11	-	-	1	1
Mr. Alan Anderson	11	11	3	3	1	1

Review of operations (continued)

A – Number of meetings attended
B – Number of meetings held during the time the director held office or was a member of the committee during the year

Remuneration report

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation
E Additional information

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

A Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management.

In consultation with external remuneration consultants, the Group has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.
Alignment to shareholders' interests:

- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and
- delivering constant return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives.

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards
- provides recognition for contribution.

The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives. As executives gain seniority with the group, the balance of this mix shifts to a higher proportion of "at risk" rewards.

The Board has established a remuneration committee which provides advice on remuneration and incentive policies and practices and specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors. The Corporate Governance Statement provides further information on the role of this committee.

Non-executive directors
Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board has also considered the advice of independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

Non-executive directors do not receive share options.

A Principles used to determine the nature and amount of remuneration (continued)

Directors' fees
The current base remuneration was last reviewed with effect from 1 July 2007. The Chairman's remuneration is inclusive of committee fees while other non-executive directors who chair a committee receive additional yearly fees.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $250,000 total pool per annum.

The following fees have been applied:

	From 1 July 2008 to 30 June 2009 $	From 1 July 2007 to 30 June 2008 $
Base fees		
Chairman	Nil	Nil
Other non-executive directors	30,000	30,000
Additional Fees	**5,000**	**5,000**
Audit committee – chairman	2,500	2,500
Remuneration committee – chairman	5,000	5,000
Remuneration committee – member	2,500	2,500

Retirement allowances for directors
Non–executive directors have not and will not be entitled to retirement allowances.

Executive pay
The executive pay and reward framework has 5 components:
- Base pay and benefits
- Short-term performance incentives
- Long-term incentives through participation in the Compumedics Limited Employee Option Plan
- Other remuneration such as superannuation, and
- Long-term equity linked incentive program specifically for the head of the Medical Innovations Division.

The combination of these comprises the executive's total remuneration.

Base pay
Structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There is no guaranteed base pay increases included in any executives' contracts.

Benefits
Executives receive benefits including health insurance, car allowances and tax advisory services.

Superannuation
Retirement benefits are currently limited to statutory superannuation. Executives may elect to salary sacrifice to superannuation funds of their choice.

Short-term incentives
Should the Group achieve a pre-determined profit target set by the remuneration committee a pool of short-term incentive (STI) is available to executives during the annual review. Using a profit target ensures variable award is only available when value has been created for shareholders and when profit is consistent with the business plan. The incentive pool is leveraged for performance above the threshold to provide an incentive for executive out-performance.

A Principles used to determine the nature and amount of remuneration (continued)

Each executive has a target STI opportunity depending on the accountabilities of the role and impact on the organisation or business unit performance. The maximum target bonus opportunity is 60% of base pay.

Each year, the remuneration committee considers the appropriate targets and key performance indicators (KPIs) to link the STI plan and the level of payout if targets are met. This includes setting any maximum payout under the STI plan, and minimum levels of performance to trigger payment of STI.

For the year ended 30 June 2009, the KPIs linked to short term incentive plans were based on Group, individual business and personal objectives. The KPIs required performance in reducing operating costs and achieving specific targets in relation to revenue growth and profitability as well as other key, strategic non-financial measures linked to drivers of performance in future reporting periods. These KPIs are generic across the executive team.

Each year the remuneration committee considers the appropriate targets and key performance indicators (KPI's) to link the Short Term Incentive (STI) plan and the level of payout if targets are met. This includes setting any maximum payout under the STI plan and minimum levels of performance to trigger payment of STI.

The short-term bonus payments may be adjusted up or down in line with under or over achievement against the target performance levels. This is at the discretion of the remuneration committee.

The STI target annual payment is reviewed annually.

Long-term incentives
The Company has instigated a long-term incentive program for one executive. At 30 June 2009 no other long-term incentive plans were in place for any other Director or key management personnel.

Medical Innovation Long Term Performance Plan (MI-LTPP)
The Group has formalised and gained approval at last year's annual general meeting for the MI-LTPP for the head of the Medical Innovations Division ("Division Head"), who is currently the Executive Chairman. The rationale of the MI-LTPP is to reward the Division Head where future commercial projects are met on the following criteria:

1. The future commercial project is based on innovative, novel and patentable technology;
2. The patented technology is supplementary to, but consistent with, the ongoing businesses of Compumedics Limited; and
3. There is significant risk attached to the development of the intellectual property or technology and the commercialisation thereof.

On the basis that these 3 criteria exist, and, determined by the Remuneration Committee, a commercial project will be eligible for inclusion under the MI-LTPP. At 30 June 2009 the Remuneration Committee has approved several projects that are eligible under the MI-LTPP subject to the parameters discussed below.

The parameters of the MI-LTPP include that the Division Head will be entitled to an incremental 8% equity in any subsidiary entities of the Company that develop projects that meet all of criteria 1 to 3. The 8% equity will only deliver value to the Divisional Head where value is created for the whole company, in which case the Company receives 92% of the incremental value created.

The entitlement will be calculated after repayment of any initial costs of establishment or development costs outlaid by Compumedics. The Directors have sought and gained expert advice that the entitlements under the plan form part of remuneration for the purposes of accounting standards and are fair and reasonable, having regard to relevant circumstances.

There has been no equity awarded under the MI-LTPP to the Division Head during the year ended 30 June 2009.

Compumedics Employee Option Plan

Information on the Compumedics Option Plan is set out in Note 31 of the Financial Statements.

B Details of remuneration

Amounts of remuneration
Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of Compumedics Limited and the Compumedics Group are set out in the following tables.

The key management personnel of Compumedics Limited includes the directors as per pages 2 to 3 above and the following executive officers who have authority and responsibility for planning, directing and controlling the activities of the entity:

- David Lawson
- Warwick Freeman
- Kerry Hubick
- Andrew Kegele

The key management personnel of the Group are the directors of Compumedics Limited (see pages 2 to 3 above) and those executives that report directly to the Chief Executive Officer being:

- David Lawson
- Warwick Freeman
- Kerry Hubick
- Andrew Kegele
- Claude Buckles
- Christoph Witte
- Curtis Ponton
- Tom Lorick

Key management personnel and other executives of Compumedics Limited and the Group

2009	**Short-term employee**			**Post-employment benefits**		**Long term benefits**	**Share based payments**	
Name	**Cash salary and fees $**	**Cash bonus $**	**Non monetary benefits $**	**Super-annuation $**	**Retirement benefits $**	**Long service leave $**	**Options $**	**Total $**
Non-executive directors								
Alan Anderson	37,500	-	-	-	-	-	-	37,500
Graham Mitchell	30,023	-	-	2,477	-	-	-	32,500
Sub-total non-executive directors	**67,523**	**-**	**-**	**2,477**	**-**	**-**	**-**	**70,000**
Executive director, CEO and Chairman								
David Burton	352,821	-	-	-	-	-	-	352,821
Other key management personnel								
David Lawson^ *	210,230	-	-	17,513	-	3,281	-	231,024
Warwick Freeman^ *	222,870	-	-	20,058	-	3,974	-	246,902
Kerry Hubick*	166,514	-	-	14,986	-	2,956	-	184,456
Andrew Kegele^ *	149,135	46,021	-	16,034	-	2,250	-	213,440
Claude Buckles	193,739	-	-	-	-	-	-	193,739
Christoph Witte*	244,249	-	-	27,624	-	-	-	271,873
Curtis Ponton*	205,078	56,692	-	-	-	-	-	261,770
Tom Lorick*	154,055	-	-	-	-	-	-	154,055
Total key management personnel compensation	**1,966,214**	**102,713**	**-**	**98,692**	**-**	**12,461**	**-**	**2,180,080**

^ denotes one of the 5 highest paid executives of Compumedics Limited, as required to be disclosed under the Corporations Act 2001.
* denotes one of the 5 highest paid executive of the Group, as required to be disclosed under the Corporations Act 2001.

B Details of remuneration (continued)

2008	Short-term employee			Post-employment benefits		Long term benefits	Share based payments	
Name	**Cash salary and fees $**	**Cash bonus $**	**Non monetary benefits $**	**Super-annuation $**	**Retirement benefits $**	**Long service leave $**	**Options $**	**Total $**
Non-executive directors								
Alan Anderson	40,000	-	-	-	-	-	-	40,000
Graham Mitchell	30,023	-	-	2,477	-	-	-	32,500
Sub-total non-executive directors	70,023	-	-	2,477	-	-	-	72,500
Executive director, CEO and Chairman								
David Burton	351,821	55,667	-	-	-	-	-	407,488
Other key management personnel								
David Lawson^ *	197,765	15,000	-	19,149	-	4,741	-	236,655
Warwick Freeman^ *	208,122	-	-	17,197	-	17,207	-	242,526
Kerry Hubick*	149,910	-	16,604	14,929	-	1,986	-	183,429
Andrew Kegele^ *	135,884	34,271	-	13,902	-	7,458	-	191,515
Claude Buckles	69,354	-	-	-	-	-	-	69,354
Christoph Witte*	213,452	-	-	24,586	-	-	-	238,038
Curtis Ponton*	179,134	-	-	-	-	-	-	179,134
Tom Lorick*	169,087	-	-	-	-	-	-	169,087
Total key management personnel compensation	**1,744,552**	**104,938**	**16,604**	**92,240**		**31,392**		**1,989,726**

^ denotes one of the 5 highest paid executives of Compumedics Limited, as required to be disclosed under the Corporations Act 2001.

* denotes one of the 5 highest paid executive of the Group, as required to be disclosed under the Corporations Act 2001.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	**Fixed Remuneration**		**At risk – STI**		**At risk - LTI**	
	2009%	**2008%**	**2009%**	**2008%**	**2009%**	**2008%**
Directors of Compumedics Limited						
David Burton	100	75	-	25	-	-
Dr. Graham Mitchell	100	100	-	-	-	-
Alan Anderson	100	100	-	-	-	-
Other key management personnel of Compumedics Limited						
David Lawson	100	100	-	-	-	-
Warwick Freeman	100	100	-	-	-	-
Kerry Hubicik	100	100	-	-	-	-
Andrew Kegele	71	80	29	20	-	-
Other key management personnel of the Group						
Claude Buckles	100	63	-	37	-	-
Christoph Witte	100	100	-	-	-	-
Curtis Ponton	78	80	22	20	-	-
Tom Lorick	100	89	-	11	-	-

C Service agreements

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of director.

C Service agreements (continued)

Remuneration and other terms of employment for the Chief Financial Officer and the other key management personnel are also formalised in service agreements. Each of these agreements provide for the provision of performance-related cash bonuses, other benefits including health insurance, car allowances and tax advisory services, and participation remuneration are set out below.

All contracts with executives may be terminated early by either party, subject to termination payments as detailed below.

David Burton, Chief Executive Officer/Chairman

- Base salary, excluding superannuation, for the year ended 30 June 2009 of AUD352,821, to be reviewed annually by the remuneration committee. David Burton is also entitled to participate in the Medical Innovation Long Term.
- Performance Plan as approved at last year's Annual General Meeting.
- Performance bonus: no performance bonus was paid during the financial year. (2008: AUD55,667).
- Review of last salary -1 July 2007
- David Burton does not have a formal service agreement.

David Lawson, Chief Financial Officer/Company Secretary

- Base salary inclusive of superannuation, for the year ended 30 June 2009 of AUD 227,743, to be reviewed annually by the remuneration committee.
- Performance bonus: no performance bonus was paid during the financial year. (2008: AUD15,000)
- Review of last salary -1 July 2007
- The service agreement takes the form of a letter of offer, which incorporates Compumedics standard conditions of employment, which reflects termination notice of four weeks, amongst other basic statutory conditions.

Warwick Freeman, Chief Technology Officer

- Base salary inclusive of superannuation and car allowance, for the year ended 30 June 2009 of AUD242, 928, to be reviewed annually by the remuneration committee
- Review of last salary -1 January 2008
- The service agreement takes the form of a letter of offer, which incorporates Compumedics standard conditions of employment, which reflects termination notice of four weeks, amongst other basic statutory conditions.

Kerry Hubick, Legal Counsel and Patent Attorney

- Base salary inclusive of superannuation and car allowance, for the year ended 30 June 2009 of AUD181,500, to be reviewed annually by the remuneration committee.
- Review of last salary -1 July 2007
- The service agreement takes the form of a letter of offer, which incorporates Compumedics standard conditions of employment, which reflects termination notice of four weeks, amongst other basic statutory conditions.

Andrew Kegele, Director Australia and New Zealand

- Base salary inclusive of superannuation and car allowance, for the year ended 30 June 2009 of AUD165,169, to be reviewed annually by the remuneration committee.
- Performance bonus – AUD46,021, was paid as a performance bonus on achievement of specific sales goals during the financial year. (2008:AUD34,271)
- Review of last salary -1 July 2007
- The service agreement takes the form of a letter of offer, which incorporates Compumedics standard conditions of employment, which reflects termination notice of four weeks, amongst other basic statutory conditions.

Claude Buckles, Vice President, Sleep Sales, USA

- Base salary inclusive of US benefits for the year ended 30 June 2009 of USD179,178, to be reviewed annually by the CEO.
- Performance bonus - No performance bonus on achievement of specific sales goals during the financial year.

C Service agreements (continued)

- The service agreement takes the form of a letter of offer, which incorporates Compumedics standard conditions of employment, which reflects termination notice of four weeks, amongst other basic statutory conditions.

Christoph Witte, Managing Director, DWL
- Base salary inclusive of superannuation, for the year ended 30 June 2009 of EUR140,280, to be reviewed annually by the remuneration committee.
- Car Allowance of EUR7,347
- Review of last salary -1 January 2008
- Christoph Witte's service agreement commenced 1 September 2004 with a 2 year fixed notice period from 1
- September 2005, after which the notice period reduces proportionately to six months at 1 September 2007.

Curtis Ponton, Vice President, Chief Scientist Neuroscan
- Base salary inclusive of US benefits for the year ended 30 June 2009 of USD160,400, to be reviewed annually by the CEO.
- Performance bonus – USD46,000, was paid as a performance bonus on achievement of specific sales goals during the financial year. (2008:Nil)
- Review of last salary -1 July 2009
- The service agreement takes the form of an actual agreement which incorporates Compumedics conditions of employment, and other conditions and is for 3 years.
- Payment of a termination benefit on early termination of the agreement by the company, other than for gross misconduct, equal to base salary for 6 months.

Tom Lorick, Vice President, Marketing, Americas
- Base salary inclusive of US benefits for the year ended 30 June 2009 of USD125,000, to be reviewed annually by the CEO.
- Review of last salary -1 July 2007
- The service agreement takes the form of a letter of offer, which incorporates Compumedics standard conditions of employment, which reflects termination notice of four weeks, amongst other basic statutory conditions.

D Share-based compensation

The establishment of the Compumedics Limited Employee Option Plan was approved by shareholders immediately prior to the listing of the Company in December 2000. All staff are eligible to participate in the plan. Options are typically granted under the plan for no consideration except when options are issued in lieu of a cash bonus as noted below. Options are granted for a five year period and each new tranche vests is exercisable on the following basis:

(i) 20% of each new tranche vests and is exercisable at the 1st anniversary date of the grant
(ii) 30% of each new tranche vests and is exercisable at the 2nd anniversary date of the grant
(iii) 50% of each new tranche vests and is exercisable at the 3rd anniversary date of the grant en exercisable each option is convertible into one ordinary share of the Company.

The exercise price of the options is based on the closing price at which the Company's shares are traded on the Australian Stock Exchange on the day prior to the grant.

Where options have been taken in lieu of a cash bonus the vesting period does not apply and the exercise price is 1 cent per share. The number of options issued is calculated by dividing the cash bonus available by the average share price for the 5 trading days prior to the granting of the options taken in lieu of the cash bonus.

The Company did not have any share based payments in the full year ended 30 June 2009.
Unissued ordinary shares in Compumedics Limited under option at the date of this report held by directors are Nil.

E Additional information

For each cash bonus and grant of options included in the tables on pages 8 and 9, the percentage of the available bonus or grant that was paid, or that vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below.

Name	Cash bonus Paid %	Cash bonus Forfeited %
David Burton	**100**	-
Andrew Kegele	**100**	-
David Lawson	**100**	-

Loans to directors and executives

Information on loans to directors and executives, including amounts, interest rates and repayment terms are set out in note 27 to the financial statements.

Shares under option

Unissued ordinary shares of Compumedics Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
New Issues for the year ended 30 June 2002	Various	$0.01 to $0.95	220,423
(adjusted for retirements)	1 Mar 2006	$0.95	(120,000)
New Issues for the year ended 30 June 2003	24 Dec 2007	$0.01	222,222
New Issues for the year ended 30 June 2004	8 Dec 2008	$0.43	50,000
(adjusted for retirements)	8 Dec 2008	$0.43	(50,000)
New Issues for the year ended 30 June 2004	11 Apr 2009	$0.31	50,000
New Issues for the year ended 30 June 2005		$-	-
New Issues for the year ended 30 June 2006		$-	-
New Issues for the year ended 30 June 2007		$-	-
(adjusted for retirements)	6 Mar 2007	$0.55	(20,000)
(adjusted for retirements)	1 Aug 2006	$0.60	(10,000)
Options exercised in the year ended 30 June 2007	31 Oct 2006	$0.01	(70,423)
Options exercised in the year ended 30 June 2008	31 Dec 2007	$0.01	(222,222)
(adjusted for retirements)	1 April 2009	$0.31	(50,000)
Total			Nil

There were no new options issued during the year.

Insurance of officers

During the financial year, Compumedics Limited paid premiums of $24,322 to insure the Directors and Secretary of the Company and its Australian-based controlled entities, and the Executives and other senior managers of each of the divisions of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

E Additional information (continued)

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001.*

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the Group are important.

Details of the amounts paid or payable to the auditor (Ernst & Young) for audit and non-audit services provided during the year are set out below.

The board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

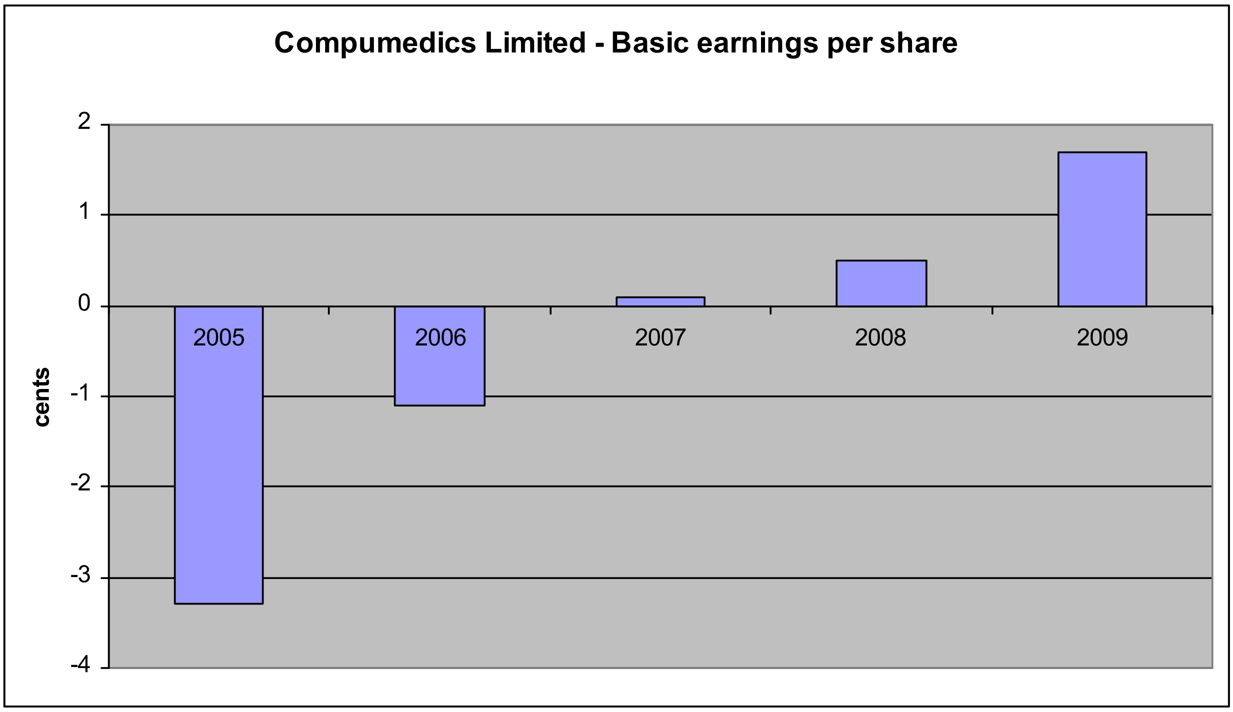
	Consolidated		Parent	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
(a) Audit services				
Ernst & Young Australian firm				
Audit and review of financial reports under the Corporations Act 2001	150,000	-	150,000	-
Other accounting assistance				
Related practices of Ernst & Young Australian firm	-	-	-	-
Total remuneration for audit services	**150,000**	**-**	**150,000**	**-**
PricewaterhouseCoopers Australian firm				
Audit and review of financial reports under the Corporations Act 2001	-	180,000	-	180,000
Other accounting assistance	-	25,000	-	25,000
Related practices of PricewaterhouseCoopers Australian firm	-	13,604	-	13,604
Total remuneration for audit services	**-**	**218,604**	**-**	**218,604**
(b) Non-audit services				
Taxation services				
Related practices of Ernst & Young Australian firm				
Tax compliance services	22,000	21,839	22,000	-
Total remuneration for taxation services	**22,000**	**21,839**	**22,000**	**-**
	172,000	**240,443**	**172,000**	**218,604**

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 15.

Rounding of amounts
The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor
Ernst & Young continues in office in accordance with section 327 of the *Corporations Act 2001.*
This report is made in accordance with a resolution of directors.

Group performance



The Directors are pleased to report the significant turn-around in the Groups performance over the last five years, as reflected in the above earnings per share data.

The above results reflect an almost $7m turnaround in the annual operating results of the Group. In addition the Group has reduced bank debt from about $6.5m five years ago to $2.2m at 30 June 2009.

The above results have been achieved whilst maintaining revenues from continuing operations at about $38m per annum.

Director

Melbourne
30 September 2009

Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
www.ey.com/au

Auditor's Independence Declaration to the Directors of Compumedics Limited

In relation to our audit of the financial report of Compumedics Limited for the financial year ended 30 June 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

Ernst & Young

June Wilson
Partner
Melbourne
30 September 2009

Corporate Governance Statement

Compumedics Limited (the company) and the board are committed to achieving and demonstrating the highest standards of corporate governance. The board continues to review the framework and practices to ensure they meet the interests of shareholders. The company and its controlled entities together are referred to as the Group in this statement.

The relationship between the board and senior management is critical to the Group's long-term success. The directors are responsible to the shareholders for the performance of the company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the board to the Chief Executive Officer and senior executives. These delegations are reviewed on an annual basis.

A description of the company's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year.

The board of directors

The Board operates in accordance with the broad principles of the Board charter. The charter details the Board's composition and responsibilities. This charter is currently being reviewed and will be formally adopted by the Board as part of the current review process, which is expected to be completed by 30 June 2010.

Board composition
The charter states:

- the Board is to be comprised of both executive and non-executive directors with a majority of non-executive directors. Non-executive directors bring a fresh perspective to the Board's consideration of strategic, risk and performance matters and are best placed to exercise independent judgement and review and constructively challenge the performance of management
- the Board recognises the underlying principal of independent directors but believes at this point in time the current directors, despite not being independent, bring a level of skill and experience to the Board combined with an intimate knowledge of the business that might otherwise not be available to it
- the Chairman is elected by the full Board
- the company is to maintain a mix of directors on the board from different backgrounds with complementary skills and experience
- the Board is required to undertake an annual Board performance review and consider the appropriate mix of skills required by the Board to maximise its effectiveness and its contribution to the Group.

Responsibilities
The responsibilities of the board include:

- providing strategic guidance to the company including contributing to the development of and approving the corporate strategy
- reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives
- overseeing and monitoring:
    - organisational performance and the achievement of the Group's strategic goals and objectives
    - compliance with the company's Code of Conduct
    - progress of major capital expenditures and other significant corporate projects including any acquisitions or divestments
- monitoring financial performance including approval of the annual and half-year financial reports and liaison with the company's auditors
- ratifying the appointment and/or removal and contributing to the performance assessment for the members of the senior management team including the CFO and the Company Secretary
- ensuring there are effective management processes in place and approving major corporate initiatives
- enhancing and protecting the reputation of the organisation
- overseeing the operation of the Group's system for compliance and risk management reporting to shareholders.

Board members
Details of the members of the Board, their experience, expertise, qualifications, term of office are set out in the directors' report under the heading "Information on directors". There are two non-executive directors, one of whom is deemed independent under the principles set out below, and one executive director at the date of signing the director's report.

The board seeks to ensure that:
- at any point in time, its membership represents an appropriate balance between directors with experience and knowledge of the Group and directors with an external or fresh perspective
- the size of the board is conducive to effective discussion and efficient decision-making.

Directors' independence
The Board is in the process of adopting specific principles in relation to directors' independence. These state that to be deemed independent, a director must be a non-executive and:
- not be a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company
- within the last three years, not have been employed in an executive capacity by the Company or any other Group member, or been a director after ceasing to hold any such employment
- within the last three years not have been a principal of a material professional adviser or a material consultant to the Company or any other Group member, or an employee materially associated with the service provided
- not be a material supplier or customer of the Company or any other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer
- must have no material contractual relationship with the Company or a controlled entity other than as a director of the Group
- not have been on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company
- be free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the company or Group or 5% of the individual directors' net worth is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of the director's performance.

The Board currently acknowledges that having a combined Chairman and CEO (Executive Chairman) is not in keeping with current thinking on good corporate governance. However, considering the skills and experience of the current Executive Chairman and the needs of the Company at this point in time in its development, the Board considers the current arrangement to be in the best interest of the Company and its shareholders.

At the date of this report Dr. Graham Mitchell, a director of the company, is considered independent according to the governance provisions laid down by the Australian Stock Exchange.

Term of office
The company's Constitution specifies that all non-executive directors must retire from office no later than the third annual general meeting (AGM) following their last election. Where eligible, a director may stand for re-election, subject to the following limitations:
- no non-executive director may serve more than four terms (twelve years), and
- on attaining the age of 70 years a director will retire, by agreement, at the next AGM and will not seek re election.

Chairman and Chief Executive Officer (CEO)
The Chairman is responsible for leading the board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating board discussions and managing the board's relationship with the company's senior executives.

At this point in time these roles are carried out by the same individual, Mr. David Burton. Mr. Burton is also founder and the majority shareholder of Compumedics.

Commitment
The Board held 11 Board meetings.

Non-executive directors are expected to spend at least 40 days a year preparing for and attending board and committee meetings and associated activities.

The number of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2009, and the number of meetings attended by each director is disclosed on page 4.

It is the company's practice to allow its executive directors to accept appointments outside the company with prior written approval of the board. No appointments of this nature were accepted during the year ended 30 June 2009.

The commitments of non-executive directors are considered by the nomination committee prior to the directors' appointment to the board of the company and are reviewed each year as part of the annual performance assessment.

Prior to appointment or being submitted for re-election, each non-executive director is required to specifically acknowledge that they have and will continue to have the time available to discharge their responsibilities to the company.

Conflict of interests
Entities connected with Mr Alan Anderson had business dealings with the consolidated entity during the year, as described in note 27 to the financial statements. In accordance with the board charter, the directors concerned declared their interests in those dealings to the company and took no part in decisions relating to them or the preceding discussions. In addition, those directors did not receive any papers from the Group pertaining to those dealings.

Independent professional advice
Directors and board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the company's expense. Prior written approval of the Chairman is required, but this will not be unreasonably withheld.

Performance assessment
The Chairman, with the participation of the Board members, undertakes a semi-annual assessment of the performance of individual directors and meets privately with each director to discuss this assessment. The last assessment was undertaken during September 2004.

Corporate reporting
The CEO and CFO have made the following certifications to the Board:

- that the company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the company and Group and are in accordance with relevant accounting standards
- that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board and that the company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

Board committees
The Board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the Board are the remuneration and audit committees. The audit committee is comprised entirely of non-executive directors whilst the remuneration committee includes the CEO. The committee structure and membership is reviewed on an annual basis. A policy of rotation of committee members applies.

Each committee is developing its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate.

Minutes of committee meetings are tabled at the subsequent Board meeting. Additional requirements for specific reporting by the committees to the Board are addressed in the charter of the individual committees currently being developed.

Due to the size of the Company a nomination committee has not been established at this time.

Remuneration committee

The remuneration committee consists of the following non-executive directors:

A Anderson (Chairman)
G Mitchell
and the following executive director:
D Burton.

Details of these directors' attendance at remuneration committee meetings are set out in the directors' report on page 4.

The remuneration committee operates in accordance with its draft charter. The remuneration committee advises the Board on remuneration and incentive policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors.

Committee members receive regular briefings from an external remuneration expert on recent developments on remuneration and related matters.

Each member of the senior executive team signs a formal employment contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. The standard contract refers to a specific formal job description. This job description is reviewed by the remuneration committee on an annual basis and, where necessary, is revised in consultation with the relevant employee.

Further information on directors' and executives' remuneration, including principles used to determine remuneration, is set out in the directors' report under the heading "Remuneration report" and note 27 to the financial statements.

The committee also assumes responsibility for overseeing management succession planning, including the implementation of appropriate executive development programmes and ensuring adequate arrangements are in place, so that appropriate candidates are recruited for later promotion to senior positions.

Audit committee

The audit committee consists of the following non-executive director:

A Anderson (Chairman appointed 1 January 2007)

Details of the director's qualifications and attendance at audit committee meetings are set out in the directors' report on pages 3-4.

The audit committee has appropriate financial expertise and all members are financially literate and have an appropriate understanding of the industries in which the Group operates.

The audit committee operates in accordance with a charter that has been formally adopted. The main responsibilities of the committee are to:

- review, assess and approve the annual report, the half-year financial report and all other financial information published by the company or released to the market
- assist the board in reviewing the effectiveness of the organisation's internal control environment covering:
  - effectiveness and efficiency of operations
  - reliability of financial reporting
  - compliance with applicable laws and regulations
- oversee the effective operation of the risk management framework
- recommend to the board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance
- consider the independence and competence of the external auditor on an ongoing basis
- review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence
- review and monitor related party transactions and assess their propriety
- report to the board on matters relevant to the committee's role and responsibilities.

In fulfilling its responsibilities, the audit committee:

- receives regular reports from management, the internal and external auditors
- meets with the external auditors at least twice a year, or more frequently if necessary
- reviews the processes the CEO and CFO have in place to support their certifications to the board
- reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved
- provides the external auditors with a clear line of direct communication at any time to either the Chairman of the audit committee or the Chairman of the board.

The audit committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

External auditors

The company and audit committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. Ernst & Young were appointed as the external auditors at the annual general meeting in November 2008.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the directors' report and in note 28 to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the audit committee.

The external auditor will attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Risk assessment and management

The Board, through the audit committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. In summary, the Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Group's business objectives.

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority.

Adherence to the Code of Conduct is required at all times and the board actively promotes a culture of quality and integrity.

Code of Conduct

The Company is developing a statement of values and a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all directors and employees. The Code will be regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity.

In summary, the Code requires that at all times all company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and company policies.

The purchase and sale of company securities by directors and employees is only permitted during the thirty day period following the release of the half-yearly and annual financial results to the market. Any transactions undertaken must be notified to the Company Secretary in advance.

The Code and the company's trading policy is discussed with each new employee as part of their induction training and all employees are asked to sign an annual declaration confirming their compliance.

The Code requires employees who are aware of unethical practices within the Group or breaches of the Company's trading policy to report these through the Chief Financial Officer or the Chief Executive Officer.
The directors are satisfied that the Group has complied with its policies on ethical standards, including trading in securities.

Continuous disclosure and shareholder communication

The company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of the company's securities. These policies and procedures also include the arrangements the company has in place to promote communication with shareholders and encourage effective participation at general meetings.

The Company Secretary has been nominated as the person responsible for communications with the Australian Stock Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the company's web-site as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Group's operations, the material used in the presentation is released to the ASX and posted on the company's web site. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed and, if so, this information is also immediately released to the market.

All shareholders receive a copy of the Company's annual and regular investor newsletter.

Financial Statements – 30 June 2009

This financial report covers both the separate financial statements of Compumedics Limited as an individual entity and the consolidated financial statements for the consolidated entity consisting of Compumedics Limited and its subsidiaries. The financial report is presented in the Australian currency.

Compumedics Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Compumedics Limited
30-40 Flockhart Street
Abbotsford VIC 3067
Australia

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities on pages 2 - 3 in the directors' report, which is not part of this financial report.

The financial report was authorised for issue by the directors on 25 September 2009. The company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the Company. All press releases, financial reports and other information are available at our investors on our website: www.compumedics.com.

Income Statement

For the year ended 30 June 2009

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Revenue from continuing operations					
Sale of goods	5	38,370	38,576	18,061	19,262
Other revenue	5	2	6	2	6
		38,372	**38,582**	**18,063**	**19,268**
Other income	6	600	379	504	369
Expenses					
Cost of sales		(16,996)	(16,574)	(7,997)	(8,971)
Other expenses					
Administration		(4,072)	(5,552)	(615)	(2,363)
Sales and Marketing		(9,753)	(10,850)	(1,524)	(5,635)
Research and Development	7	(4,864)	(4,588)	(1,448)	(1,617)
Finance costs	7	(560)	(714)	(382)	(546)
Profit/(loss) before income tax		**2,727**	**683**	**6,601**	**505**
Income tax benefit	8	**-**	**73**	**-**	**73**
Profit/(loss) for the year		**2,727**	**756**	**6,601**	**578**
Profit/(loss) is attributable to:					
Equity holders of Compumedics Limited		**2,727**	**756**	**6,601**	**578**
		Cents	**Cents**		
Earnings per share for profit attributable to the ordinary equity holders of the company:					
Basic earnings per share	36	1.7	0.5		
Diluted earnings per share	36	1.7	0.5		

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

Balance Sheet

As at 30 June 2009

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
ASSETS					
Current assets					
Cash and cash equivalents	9	2,607	571	1,640	476
Trade and other receivables	10	10,623	12,166	4,829	5,321
Inventories	11	3,798	4,684	2,543	3,178
Total current assets		**17,028**	**17,421**	**9,012**	**8,975**
Non-current assets					
Receivables	12	-	-	8,833	5,473
Property, plant and equipment	14	871	693	349	245
Intangible assets	15	3,559	2,028	3,559	2,028
Total non-current assets		**4,430**	**2,721**	**12,741**	**7,746**
Total assets		**21,458**	**20,142**	**21,753**	**16,721**
LIABILITIES					
Current liabilities					
Trade and other payables	16	4,347	5,934	2,157	3,773
Borrowings	17	2,484	2,745	2,533	2,794
Provisions	18	1,938	1,760	1,302	1,275
Deferred revenue	19	1,023	975	384	355
Total current liabilities		**9,792**	**11,414**	**6,376**	**8,197**
Non-current liabilities					
Borrowings	20	17	16	17	23
Provisions	22	25	16	25	16
Deferred revenue	23	145	189	-	6
Total non-current liabilities		**187**	**221**	**42**	**45**
Total liabilities		**9,979**	**11,635**	**6,418**	**8,242**
Net assets		**11,479**	**8,507**	**15,335**	**8,479**
EQUITY					
Contributed equity	24	31,007	30,752	31,007	30,752
Reserves	25(a)	(1,216)	(1,206)	(458)	(458)
Accumulated losses	25(b)	(18,312)	(21,039)	(15,214)	(21,815)
Total equity		**11,479**	**8,507**	**15,335**	**8,479**

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

Statement of Changes in Equity

For the year ended 30 June 2009

CONSOLIDATED	Notes	Attributable to members of Compumedics Limited: Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2007		29,492	(783)	(21,795)	6,914
Exchange differences on translation of foreign operation	25	-	(165)	-	(165)
Net income/(expense) recognised directly in equity		-	(165)	-	(165)
Profit for the period		-	-	756	756
Total recognised income and expense for the year		**-**	**(165)**	**756**	**591**
Conversion of RCN to equity	25	1,000	-	-	1,000
Shares issued on conversion of employee options	25	2	-	-	2
Shares issued in lieu of interest payable on RCNs	25	258	(258)	-	-
		1,260	**(258)**	**-**	**1,002**
Balance at 30 June 2008		**30,752**	**(1,206)**	**(21,039)**	**8,507**
Balance at 1 July 2008		30,752	(1,206)	(21,039)	8,507
Exchange differences on translation of foreign operation	25	-	(10)	-	(10)
Net income/(expense) recognised directly in equity		-	(10)	-	(10)
Profit for the period		-	-	2,727	2,727
Total recognised income and expense for the year		**-**	**(10)**	**2,727**	**2,717**
New shares issued		255	-	-	255
		255	-	-	255
Balance at 30 June 2009		**31,007**	**(1,216)**	**(18,312)**	**11,479**

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

Statement of changes in equity (continued)

For the year ended 30 June 2009

PARENT	**Notes**	**Contributed equity $'000**	**Reserves $'000**	**Retained earnings $'000**	**Total $'000**
Balance at 1 July 2007		29,492	(200)	(22,393)	6,899
Profit for year		-	-	578	578
Total recognised income and expense for the year		**-**	**-**	**578**	**578**
Conversion of RCN to equity	25	1,000	-	-	1,000
Shares issued on conversion of employee options	25	2	-	-	2
Shares issued in lieu of interest payable on RCNs	25	258	(258)	-	-
		1,260	**(258)**		**1,002**
Balance at 30 June 2008		**30,752**	**(458)**	**(21,815)**	**8,479**
Balance at 1 July 2008		30,752	(458)	(21,815)	8,479
Loss for year				6,601	6,601
Total recognised income and expense for the year		**-**	**-**	**6,601**	**6,601**
New shares issued		255			255
		255	**-**	**-**	**255**
Balance at 30 June 2009		**31,007**	**(458)**	**15,214**	**15,335**

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

Cash Flow Statement

For the year ended 30 June 2009

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		41,066	37,784	19,711	19,439
Payments to suppliers and employees (inclusive of goods and services tax)		(36,540)	(35,778)	(13,907)	(18,223)
		4,526	2,006	5,804	1,216
Interest and other costs of finance paid		(560)	(528)	(382)	(359)
Interest received		2	6	2	6
Receipts from other income		600	379	504	369
Net cash inflow from operating activities	35	**4,568**	**1,863**	**5,928**	**1,232**
Cash flows from investing activities					
Purchase of property, plant and equipment		(525)	(633)	(236)	(151)
Purchase of intangible assets		(1,532)	(1,208)	(1,532)	(1,208)
Net cash (outflow) from investing activities		**(2,057)**	**(1,841)**	**(1,768)**	**(1,359)**
Cash flows from financing activities					
Proceeds from borrowings		396	2,857	396	2,857
Intercompany transfer from Compumedics Limited to Compumedics Germany GmbH		-	-	(672)	(1,194)
Intercompany transfers to Compumedics Limited from Compumedics USA Ltd		-	-	-	616
Intercompany transfers to Compumedics Limited to Compumedics USA Ltd		-	-	(2,319)	-
Repayment of borrowings		(639)	(2,230)	(169)	(2,230)
Payments of finance leases		-	(11)	-	(11)
Proceed from issue of shares		255	-	255	-
Net cash inflow (outflow) from financing activities		**12**	**616**	**(2,509)**	**38**
Net increase (decrease) in cash and cash equivalents		2,523	638	1,651	(89)
Cash and cash equivalents at the beginning of the financial year		90	(555)	(5)	77
Effects of exchange rate changes on cash and cash equivalents		(6)	7	(6)	7
Cash and cash equivalents at end of year	9	**2,607**	**90**	**1,640**	**(5)**

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

Notes to the 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 years presented, unless otherwise stated. The financial report includes separate financial statements for Compumedics Limited as an individual entity and the consolidated entity consisting of Compumedics Limited and its subsidiaries.

(a) Basis of preparation

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

Compliance with IFRS
The financial report complies with Australian Accounting Standards and International Financial Reporting (IFRS) as issued by the International Accounting Standards board.

Historical cost convention
These financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Going Concern
During the year ended 30 June 2009 the Group (Compumedics and its subsidiaries) substantively improved its operating performance to an operating profit of $2.7m compared to $0.8m in the prior year and positive cash flows from operations of $4.5m compared to $1.9m in the prior year.

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

As at 31 December 2008, there was uncertainty around going concern, in that the ability of the consolidated entity to continue as a going concern was dependent on the consolidated entity being able to generate sufficient funds from its operational activities, debt facilities and/or equity raisings.

During the year ended 30 June 2009, the Group (Compumedics and its subsidiaries) improved its operating performance to an operating profit of $2.7m compared to $0.8m in the prior year and generated positive cash flows from operations of $4.5m compared to $1.9m in the prior year.

The Company has increased its cash position to $2.6m at 30 June 2009 from $0.6m at the prior year end. As a consequence the Company has a net cash position of $0.4m at 30 June 2009. The Company and its subsidiaries has also made a significant improvement is its ability to control credit terms with its customers, resulting in a decrease in the accounts receivable balances over 90 days (down to $2.4m at 30 June 2009 compared to $3.3m at 30 June 2008).

The Company reduced its bank debt in the year ended 30 June 2009, to $2.2m from $2.8m in the prior year. The Company has received written confirmation that the existing facilities with the primary lender are not repayable as at 30 September 2009 but remain repayable on demand. The Group has not breached any covenant associated with its bank facilities during the year ended 30 June 2009.

Given the above, the directors believe that the Company is a going concern and the accounts have been prepared on this basis.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

1. Summary of significant accounting policies (continued)

(b) Principles of consolidation

(i) Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Compumedics Limited (”company” or ”parent entity”) as at 30 June 2009 and the results of all subsidiaries for the year then ended. Compumedics Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1 (h)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost, less any provision for diminution in value. Investments in subsidiaries are accounted for at cost in the individual financial statements of Compumedics Limited.

(c) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments

(d) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (’the functional currency’). The consolidated financial statements are presented in Australian dollars, which is Compumedics Limited’s functional and presentation currency.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(iii) Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions) and
- all resulting exchange differences are recognised as a separate component of equity.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

1. Summary of significant accounting policies (continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the income statement, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.
The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.
Revenue is recognised for the major business activities as follows:

(i) Sale of goods
This is typically for the sale of diagnostic systems, including hardware and software.
Revenue is recognised on the sale of goods when ownership of the asset sold has been transferred so that risks and reward have passed to the buyer.

(ii) Services
This is typically for technical support contracts post the sale and installation of the diagnostic systems.
Revenue is recognised on the sale of services on a straight line basis over the life of the contract for which the Group has an obligation to perform services pursuant to the contract.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.
Compumedics Limited and its wholly-owned Australian controlled entities have not implemented the tax consolidation legislation.

(g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (note 14). Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 30). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

1. Summary of significant accounting policies (continued)

(h) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1 (p)). If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(i) Impairment of assets

Goodwill and 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. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The 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 which 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 an impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement no more than 30 days from shipment of goods. Typically these activities occur within 90 - 150 days of the shipment of goods.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

1. Summary of significant accounting policies (continued)

The amount of the impairment loss is recognised in the income statement within 'other expenses'. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(l) Inventories

(i) Raw materials and stores, work in progress and finished goods
Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Investments and other financial assets

Investments and 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.

Classification

(i) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 10) and receivables (note 12) in the balance sheet.

(n) Fair value estimation

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

(o) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation on assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives. The expected useful lives for all categories of property, plant and equipment are between 2 and 6 years.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

1. Summary of significant accounting policies (continued)

(p) Intangible assets

(i) Research and development
Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense when it is incurred.

Expenditure on development activities, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, is capitalised if the product or service is technically and commercially feasible and adequate resources are available to complete development.

The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight line basis over its useful life, which is 5 to 8 years.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition.

(r) Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.
Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(s) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

Borrowing costs include:

- Interest on bank overdrafts and short-term and long-term borrowings,
- Finance lease charges,
- Interest payable on the RCN's issued, and
- Bank charges on borrowing facilities.

(t) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

1. Summary of significant accounting policies (continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(u) Employee benefits

(i) Wages and salaries and annual leave
Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave
The liability for long service leave is recognised in the provision for employee benefits 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 using the projected unit credit method. 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 national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments
Share-based compensation benefits are provided to employees via the Compumedics Employee Option Plan. Information relating to these schemes is set out in note 31.

The fair value of options granted under the Compumedics Employee Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

(iv) Termination benefits
Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

1. Summary of significant accounting policies (continued)

(v) Contributed equity

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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(w) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(x) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(y) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(z) Rounding of amounts

The company is of a kind referred to in Class order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(aa) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

1. Summary of significant accounting policies (continued)

(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB8

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on the financial performance. The information being reported will be based on what the key decision-makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. Application of AASB 8 may result in different segments, segment results and different type of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

(ii) AASB 123 (Revised) and AASB 2007-6 Borrowing Costs and consequential amendments to other Australian accounting Standards

The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised and will apply for balancing dates after 1st July 2009

(iii) AASB 101 (Revised), AASB 2007-8 and AASB 2007-10 Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards

Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements. The standard will apply for balancing dates after 1st July 2009.

(iv) Revised AASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127

Revised accounting standards for business combinations and consolidated financial statements were issued in March 2008 and are operative for annual reporting periods beginning on or after 1 July 2009, but may applied earlier. However, the new rules generally apply only prospectively to transactions that occur after the application date of the standard. Their impact will therefore depend on whether the Group will enter into any business combinations or other transactions that affect the level of ownership held in the controlled entities in the year of initial application. For example, under the new rules:

- all payments (including contingent consideration) to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments subsequently remeasured at fair value through income
- all transaction cost will be expensed
- the Group will need to decide whether to continue calculating goodwill based only on the parent's share of net assets or whether to recognise goodwill also in relation to the non-controlling (minority) interest, and
- when control is lost, any continuing ownership interest in the entity will be remeasured to fair value and a gain or loss recognised in profit or loss.

(v) Revised AASB 101 Presentation of Financial Statements and AASB 2007 8 Amendments to Australian Accounting Standards arising from AASB 101

A revised AASB 101 was issued in September 2007 is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

2. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance and financial position of the Group.

Risk management is carried out by the senior managers of the Group.

(a) Market risk

(i) Foreign currency risk
Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group operates internationally and is exposed to foreign exchange risk primarily arising from currency exposures to the US dollar and the Euro.

The Group does not generally use derivative financial instruments.

The Group's and parent entity's exposure to foreign currency risk at the reporting date was as follows:

	30 June 2009		30 June 2008	
	USD $'000	**Euro $'000**	**USD $'000**	**Euro $'000**
Cash	972	267	228	28
Trade receivables	2,416	1,556	2,482	256
Bank loans	45	47	222	66
Trade payables	1,168	432	839	132

Group and parent entity sensitivity
Based on the financial instruments held at 30 June 2009, had the Australian dollar weakened/strengthened by 1 cent against the US dollar with all other variables held constant, the Group and parent entity's post-tax profit for the year would have been $0.1m higher/$0.1m lower (2008: $0.2m higher/$0.2m lower), as a result of foreign exchange gains/losses on translation of US dollar denominated financial instruments as detailed in the above table. Based on the financial instruments held at 30 June 2009, had the Australian dollar weakened/strengthened by 1 cent against the EURO with all other variables held constant, the Group and parent entity's post-tax profit for the year would not have been materially effected (2008: $0.1m higher/$0.1m lower), as a result of foreign exchange gains/losses on translation of EURO dollar denominated financial instruments as detailed in the above table. The Group and parent entity's exposure to other foreign exchange movements is not material.

2. Financial risk management (continued)

(ii) Interest rate risk
As at the reporting date, the Group had the following variable rate borrowings outstanding:

	30 June 2009 Weighted average interest rate %	30 June 2009 Balance $'000	30 June 2008 Weighted average interest rate %	30 June 2008 Balance $'000
Consolidated				
Cash and cash equivalents	0.5%	2,607	2.8%	571
Bank overdrafts and bank loans	6.9%	2,239	9.1%	2,761
Parent				
Cash and cash equivalents	0.5%	1,640	2.8%	476
Bank overdrafts and bank loans	6.9%	2,239	9.1%	2,768

Group and parent entity sensitivity
The Group and parent entity's exposure to interest rate changes is not material.

(b) Credit risk

The Group currently sells goods and services primarily to four major geographic regions being:
- Australia and New Zealand (A & NZ)
- United States of America (USA)
- Europe, the Middle East and Africa (EMEA)
- Asia

The sale of goods and services into Australia and New Zealand and the USA are made directly to the end user customer.

The sale of goods and services to Europe, the Middle East, Africa and Asia are typically made via distributors based in specific countries in Europe, the Middle East, Africa and Asia. The goods are then onsold by the distributor to the end user customer in the specific country in Europe, the Middle East, Africa and Asia.

The collectability of receivables within agreed terms is typically better where the goods and services are sold to a direct customer rather than to a distributor.

The following tables identify accounts receivable at 30 June 2009 and 30 June 2008 identified by debt owed into major region and currency:

Region	Current $'000	30 Days $'000	60 Days $'000	90+ Days $'000	Total $'000
2009					
Parent entity (AUD)	1,846	132	100	59	2,137
Parent entity (USD)	1,820	136	94	1,352	3,402
Parent entity (EURO)	64	7	-	105	176
Parent entity (GBP)	-	-	-	2	2
US subsidiary (USD)	1,996	591	171	320	3,078
German subsidiary (EURO)	1,952	179	253	544	2,928
	7,678	**1,045**	**618**	**2,382**	**11,723**
Provision	(65)	(0)	(2)	(1,375)	(1,442)
2008					
Parent entity (AUD)	1,475	192	336	351	2,354
Parent entity (USD)	1,700	323	256	1,627	3,906
Parent entity (EURO)	151	23	6	76	256
Parent entity (SGD)	50	-	-	-	50
Parent entity (GBP)	150	-	-	-	150
US subsidiary (USD)	2,682	555	374	893	4,504
German subsidiary (EURO)	2,304	-	-	310	2,614
	8,512	**1,093**	**972**	**3,257**	**13,834**
Provision		(4)	(8)	(1,981)	(1,993)

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

2. Financial risk management (continued)

The table highlights that:

- The collection of cash from the sale of goods and services to direct end user customers as identified by USA (USD) and Parent entity (AUD) accounts receivable usually occurs at or not long after agreed payment terms. Debtors in the 90 day column are 3% and 10% of the total debtors owing in the respective territories.
- The collection of cash from the sale of goods and services to distributors in Europe, the Middle East, Africa and Asia as represented by Parent entity (USD) accounts receivable usually occur well after agreed payment terms. Debtors in the 90 day column are approximately 40% of the total debtors outstanding.
- The collection of cash from the sale of goods and services in the DWL business, which is primarily via distributors into Europe and Asia typically occurs at or not long after agreed payment terms. Debtors in the 90 day column for DWL represent only 19% of all debtors owed to this business.

Whilst the length of time taken to collect cash owed to the Group can affect the cash resources of the Group the incidence of write off of accounts receivable for the Group is low, compared to the impairment of accounts receivable taken as a charge to the income statement in any given period.

The Group's bad debt write off for accounts receivable for the year ended 30 June 2009 was $0.058m (2008: 0.2 m), where as the impairment charge taken to the income statement for the year ended 30 June 2009 was $0.6m (2008: $1.7m).

As at 30 June 2009 the Group's debtor days were 104 (2008: 131 days), where debtors days is the average length of time taken for a sale to be paid from the date it is shipped and invoiced.

If the Group's debtor days increased or reduced by 10 days from current levels, all other variables remaining constant, the approximate impact on the Group's operating cash flows would be an improvement/deterioration for the year ended 30 June 2009 of $1.0 m (30 June 2008: $1.1m).

Information on the Group's maximum exposure to credit risk and financial assets that are either past due or impaired can be found at Note 10.

(c) Liquidity risk

The Group had bank facilities totalling $2.2 million (not including a fully drawn advance of $1.37m) at 30 June 2009, of which $0.9m had been utilised. As at the date of signing the financial statements, the Group has received written confirmation that the existing facilities with the primary lender are not repayable as at 30 September 2009 but remain repayable on demand. A review of the facilities is currently underway.

Details of the Group's financing arrangements can be found at Note 17.

The remaining contractual maturities of the Group's and parent entity's financial liabilities are:

	Consolidated		Parent	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Within one year	6,831	8,198	4,641	6,307
1-5 years	17	16	17	23
Over 5 years	-	-	-	-
	6,848	**8,214**	**4,658**	**6,060**

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Deferred revenues
In calculating the Group's deferred revenues at any point in time the Group makes a judgement regarding the typical costs the Group will incur in future periods for sales of goods that it has booked as revenue in the current and past periods.

The Group reviews its current cost for installation and training as a percentage of current revenues in determining an appropriate future cost for installation and training obligations that are still to be performed. Based on current installation and training costs as an estimate for future installation and training costs, 12% (deferral rate) of the total dollar value of all current sales where a future installation and training obligation exists, is deferred until such time as the future installation and training obligations have been extinguished.
Should the future costs of installation and training rise rapidly this could give rise to an increase in the percentage rate used to defer revenue. For example, in the past, a deferral rate of 20% has existed, whereby all current revenues with a future installation and training obligation had 20% of the total dollar value of the sale deferred. Had this deferral rate been used for calculating the deferred revenue for the year ended 30 June 2009 the impact would have been to reduce revenues by $0.2m and reduce the profit by $0.2m. The impact would have been the same for parent entity.

(ii) Foreign exchange
The parent entity has a current inter company account receivable with the US business, part of which is considered a quasi investment in the US legal entity and part of which is considered a current trade receivable that can be collected upon. Any exchange gain or loss resulting from the translation into Australian Dollars of the quasi investment component of the inter company account is taken to a foreign currency translation reserve. Any exchange gain or loss resulting from the translation of the component of the inter company receivable that is considered to be trading in nature, is taken to the income statement. Therefore a 1 cent rise or fall in the USD/AUD exchange rate on the trading component of the year end balance at 30 June 2009 would have a profit after tax impact of $0.1 m for the year ended 30 June 2009.

The parent entity likewise carries part of its inter company account with DWL as an investment and part as a receivable. The foreign exchange impact is negligible on this account.

(iii) Inventory
At any given point the Group has an obligation to carry its inventory at the lower of cost and net realisable value. In determining the Group's compliance with this requirement the Group reviews its slow moving inventory at December 31 and June 30 each year. As a consequence of this review the financial provision for slow moving inventory is adjusted with a resulting income statement impact.

In determining the appropriateness of the slow moving inventory provision the Group makes estimates about its future use of certain product lines and also the ultimate recoverability and usefulness of the inventory on hand.

Given the leading edge technology nature of the Group's activities, this may mean that inventory that was previously considered usable and therefore of value may quickly become redundant, obsolete or simply no longer usable.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

3 Critical accounting estimates and judgements (continued)

(iv) Trade receivables
Similarly for trade receivables the Group must make an estimate at any given point in time as to the recoverability of the receivables it has on its ledger and a provision for impairment is created based on this estimate.

The estimate is based on many factors including:

- The Group's knowledge of its customers and the likelihood of there being any issue with payment
- The Group's prior good history in relation to collecting receivables
- The territory where the receivable is owed from; and
- The age of outstanding balances.

Using this information the Group makes an assessment of the recoverability of its trade receivables.

(v) Recoverability of capitalised development costs

The Group has capitalised $1.5m (2008: $2.0m) of costs related to the development of the SPAP product this financial year. The recoverability of these costs is dependant on the commercial success of the product, so that it will generate future economic benefits in excess of the costs capitalised.

4. Segment Information

(a) Description of segments

Business segments
The consolidated entity is organised on a global basis into the following divisions by product and service type.

Sleep Monitoring
Development, manufacture, and sale of sleep diagnostic and treatment equipment. The sale of equipment and services related directly to the provision of sleep diagnostic services.

Brain Monitoring
Development, manufacture and sale of brain research equipment and neurological diagnostic & monitoring equipment.

Ultrasonic Blood Flow Monitoring
Development, manufacture and sale of Transcranial Doppler equipment.

Neuro Medical Supplies
Manufacture, sale and resale of electrodes, sensors and other support items.

Geographical segments
The consolidated entity operates from Australia, with sales and technical service activities carried out in the USA from its offices in Charlotte, North Carolina and in Europe from its office in Singen, Germany. Sales and technical service activities throughout Australia, and the rest of the world, are carried out from its operations base in Melbourne.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

4. Segment Information (continued)

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

(b) Primary reporting format - business segments

2009

	Sleep monitoring	Brain Monitoring	Ultrasonic blood flow monitoring	Supplies & Service	Total Continuing Operations	Unallocated	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment revenue							
Sales to external customers	14,257	10,249	8,244	5,620	38,370		38,370
Total sales revenue	**14,257**	**10,249**	**8,244**	**5,620**	**38,370**	**-**	**38,370**
Other revenue						2	2
Total segment revenue	**14,257**	**10,249**	**8,244**	**5,620**	**38,370**	**2**	**38,372**
Segment result							
Segment result	1,517	1,631	(1,502)	1,639	3,285	2	3,287
Finance costs					(560)		(560)
Profit before income tax					2,725	2	2,727
Income tax benefit							-
Profit for the year					**2,725**	2	**2,727**
Segment assets and liabilities							
Segment assets	5,610	3,370	3,642	1,998	14,620		14,620
Unallocated assets						6,838	6,838
Tax assets							
Total assets					**14,620**	**6,838**	**21,458**
Segment liabilities	1,615	1,161	934	637	4,347		4,347
Unallocated liabilities						5,632	5,632
Tax liabilities							
Total liabilities					**4,347**	**5,632**	**9,979**
Net assets					**10,273**	**1,207**	**11,480**
Acquisitions of property, plant and equipment						525	525
Depreciation and amortisation expense						(404)	(404)

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

4. Segment information (continued)

2008	Sleep monitoring $'000	Brain Monitoring $'000	Ultrasonic blood flow monitoring $'000	Supplies & Service $'000	Total Continuing Operations $'000	Unallocated $'000	Consolidated $'000
Segment revenue							
Sales to external customers	15,618	12,132	6,487	4,339	38,576	-	38,576
Total sales revenue	**15,618**	**12,132**	**6,487**	**4,339**	**38,576**	**-**	**38,576**
Other revenue	-	-	-	-	-	6	6
Total segment revenue	**15,618**	**12,132**	**6,487**	**4,339**	**38,576**	**6**	**38,582**
Segment result							
Segment result	849	(222)	(169)	939	1,397	-	1,397
Finance costs					(714)		(714)
Profit before income tax					683	-	683
Income tax benefit					73		73
Profit for the year					**756**	**-**	**756**
Segment assets and liabilities							
Segment assets	8,338	4,473	3,534	2,533	18,878		18,878
Unallocated assets					-	1,264	1,264
Tax assets					-	-	-
Total assets					**18,878**	**1,264**	**20,142**
Segment liabilities	2,402	2,052	812	668	5,934	-	5,934
Unallocated liabilities					-	5,701	5,701
Tax liabilities					-	-	-
Total liabilities					**5,934**	**5,701**	**11,635**
Net assets					**12,944**	**(4,437)**	**8,507**
Acquisitions of property, plant and equipment	-			-	-	633	633
Depreciation and amortisation expense	-			-	-	(552)	(552)

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

4. Segment information (continued)

(c) Secondary reporting format - geographical segments

Segment revenues are allocated based on the country in which the customer is located. Segment assets and capital expenditure are allocated based on where the assets are located.

2009	USA $'000	Asia/Pac $'000	EUR $'000	Unallocated $'000	Group $'000
Sales to external customers	15,123	15,425	7,822	-	38,370
Intersegment sales	1,234	2,636	841	-	4,711
Total sales revenue	**16,357**	**18,061**	**8,663**	**-**	**43,081**
Intersegment elimination	-	-	-	-	(4,711)
Other income/revenue	-	-	-	2	2
Total segment revenue	**16,357**	**18,061**	**8,663**	**(4,709)**	**38,372**
Segment Assets	**4,387**	**27,138**	**4,379**	**(14,446)**	**21,458**
Tax assets					-
Total assets					**21,458**

2008	USA $'000	Asia/Pac $'000	EUR $'000	Unallocated $'000	Group $'000
Sales to external customers	15,426	16,407	6,743	-	38,576
Intersegment sales	1,347	2,862	435	-	4,644
Total sales revenue	**16,773**	**19,269**	**7,184**	**-**	**38,576**
Intersegment elimination	-	-	-	-	(4,644)
Other income/revenue	-	-	-	6	6
Total segment revenue	**16,773**	**19,269**	**7,184**	**(4,638)**	**38,582**
Segment Assets	**5,181**	**22,360**	**3,750**	**(11,149)**	**20,142**
Tax assets					-
Total assets					**20,142**

(d) Notes to and forming part of the segment information

(i) Inter-segment transfers

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arm's-length" basis and are eliminated on consolidation.

5. Revenue

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
From continuing operations				
Sales revenue				
Sale of goods	35,981	37,015	17,128	18,521
Services	2,389	1,561	933	741
	38,370	**38,576**	**18,061**	**19,262**
Other revenue				
Interest	2	6	2	6
	38,372	**38,582**	**18,063**	**19,268**

6. Other income

Other income	**600**	**379**	**504**	**369**

The majority of this income relates to sub-lease rental income

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

7. Expenses

	Consolidated		Parent	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Profit before income tax includes the following specific expenses:				
Depreciation				
Plant and equipment	385	538	114	268
Plant and equipment under finance leases	18	14	18	14
Total depreciation	**403**	**552**	**132**	**282**
Finance costs				
Interest and finance charges paid/payable	560	714	382	546
Rental expense relating to operating leases				
Minimum lease payments	857	815	565	526
Foreign exchange gains and losses				
Net foreign exchange losses	706	700	521	677
Employee benefits				
Payroll expense including leave payments	13,258	12,989	5,914	6,888
Superannuation entitlements	643	529	531	529
	13,901	**13,518**	**6,445**	**7,417**
Research and development expenditure	4,864	4,588	1,448	1,686
Current receivables - impairment	(551)	1,680	(536)	1,371
Inventory - impairment	898	(66)	(248)	(92)

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

8. Income tax expense

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
(a) Income tax expense				
Current tax	-	-	-	-
Deferred tax	-	(73)	-	(73)
	-	(73)	-	(73)
Deferred income tax (revenue) expense included in income tax expense comprises:				
Decrease (increase) in deferred tax assets	-	(73)	-	(73)
(Decrease) increase in deferred tax liabilities (note 21)	-	(73)	-	(73)
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit/(loss) from continuing operations before income tax expense	2,727	683	6,601	505
Tax at the Australian tax rate of 30% (2008 - 30%)	818	205	1,980	152
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Impairment of intercompany receivables and investments				
Entertainment	3	2	3	2
Research and development	(362)	(435)	(362)	(435)
Losses not brought to account	-	228	-	281
Losses utilised	(460)	-	(1,621)	
Adjustments for current tax of prior periods	-	(73)	-	(73)
Income tax benefit	-	(73)	-	(73)
Total income tax benefit	-	(73)	-	(73)
(c) Tax losses				
Unused tax losses for which no deferred tax asset has been recognised	5,740	7,273	2,047	7,450
Potential tax benefit @ 30%	1,722	2,182	614	2,235

The benefit of tax losses will be obtained if:

(i) the Group derived future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the loss to be realised,
(ii) the Group continued to comply with the conditions for deductibility imposed by tax legislation, and
(iii) no change in tax legislation adversely affected the Group in realising the benefit from the deductions for the loss.

(d) Tax consolidation legislation

Compumedics Limited and its wholly owned Australian controlled entities have elected not to implement the tax consolidation legislation.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

9. Current assets – Cash and cash equivalents

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Cash at bank and in hand	2,607	571	1,640	476

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	2,607	571	1,640	476
Bank overdrafts (note 17)	-	(481)	-	(481)
Balances per statements of cash flows	**2,607**	**90**	**1,640**	**(5)**

(b) Interest rate risk exposure

The Group's and the parent entity's exposure to interest rate risk is discussed in note 2 and note 12.

10. Current assets – Trade and other receivables

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Trade receivables	11,723	13,834	5,716	6,717
Provision for impairment of receivables	(1,442)	(1,993)	(1,060)	(1,596)
	10,281	**11,841**	**4,656**	**5,121**
Loans to key management personnel		-		-
Other receivables/prepayments	342	269	173	200
Sales tax receivable	-	56	-	-
	10,623	**12,166**	**4,829**	**5,321**

Further information relating to loans to key management personnel is set out in note 27

(a) Impaired trade receivables

The ageing of these receivables is as follows:

1 to 3 months	67	855	66	844
3 to 6 months	222	147	214	143
6 to 12 months	257	906	94	892
Over 12 months	896	1,134	686	755
	1,442	**3,042**	**1,060**	**2,634**

Movements in the provision for impairment of receivables are as follows:

At 1 July	1,993	502	1,596	414
Provision for impairment recognised during the year	(609)	1,680	(554)	1,371
Receivables written off during the year as uncollectible	58	(189)	18	(189)
	1,442	**1,993**	**1,060**	**1,596**

10. Current assets – Trade and other receivables (continued)

The creation and release of the provision for impaired receivables has been included in 'administration' in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

In the year ended 30 June 2008 the total value of accounts receivable considered impaired ($3.0m) was greater than the provision for impairment ($2.0m) at that time because the Company part, if not all, the assets were recoverable. The Company believed however that it may take some considerable time to recover these assets and therefore selectively provided for some accounts over others. As can be seen in the same information provided for the year ended 30 June 2009 significant inroad has been made in reducing those accounts receivable considered impaired.

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

(b) Past due but not impaired

As of 30 June 2009, trade receivables of $3,834,710 (2008 - $3,554,078) were past due but not impaired. These relate to a number of independent customers and distributors for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Up to 3 months	2,791	2,153	490	900
3 to 6 months	904	393	618	151
Over 6 months	140	1,008	-	443
	3,835	**3,554**	**1,108**	**1,494**

Of the $1.0m aged over 6 months at 30 June 2009 a significant portion has been collected subsequent to year end. In addition, a small number of distributors/customers are on extended payment terms.

(c) Fair value and credit risk

Due to the short-term nature of these non-interest bearing receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. The fair value of securities held for certain trade receivables is insignificant as is the fair value of any collateral sold or repledged. Refer to note 2 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

Due to the industry in which the Group operates, the Group trades with a number of Australian and overseas distributors who are notoriously slow payers. The ageing profile of trade receivables is closely monitored and significantly aged balances and doubtful accounts are provided against.

11. Current assets - Inventories

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Raw materials and stores				
At cost	5,921	5,330	3,266	3,189
Work in progress				
At cost	239	434	237	424
Finished goods				
At cost	2,382	2,766	1,455	2,228
Provision for obsolescence	(4,744)	(3,846)	(2,415)	(2,663)
Inventories at net realisable value	**3,798**	**4,684**	**2,543**	**3,178**

(a) Inventory expense

Inventories recognised as an expense during the year ended 30 June 2009 amounted to $16,997,000 (2008: $16,574,000).

12. Non-current assets - Receivables

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Loans to controlled entities	-	-	14,085	10,725
Provision for impairment of non-current receivables	-	-	(5,252)	(5,252)
	-	**-**	**8,833**	**5,473**

The intergroup accounts have no fixed period for repayments and are non-interest bearing

Further information relating to loans to related partiers and key management personnel is set out in note 27 and 32.

(a) Impaired receivables and receivables past due

As at 30 June 2009 loans to controlled entities from the parent entity with a nominal value of $14,084,927 (2008: $10,725,000) were impaired. The amount of the provision was $5,252,000 (2008: $5,252,000)

(b) Fair values

The fair values and carrying values of non-current receivables are as follows:

Parent Entity	2009		2008	
	Carrying amount	Fair value	Carrying amount	Fair value
	$'000	$'000	$'000	$'000
Loans to controlled entities	14,085	-	10,725	-
Provision for impairment of non-current receivables	(5,252)	-	(5,252)	-
	8,833	**8,833**	**5,473**	**5,473**

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

12. Non-current assets - Receivables (continued)

(c) Foreign currency and credit risk

Information about the Group's and parent entity's exposure to foreign exchange and credit risk is provided in note 2 and note 10.

13. Non-current assets – Other financial assets

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Investments in controlled entities (note 33)	-	-	7,625	7,625
Provision for impairment	-	-	(7,625)	(7,625)
	-	-	-	-

14 Non-current assets - Property, plant and equipment

Consolidated	Plant and Equipment At Cost $'000	Office Equipment At Cost $'000	Motor Vehicle Leased $'000	Leasehold Improvements $'000	Plant and Equipment Leased $'000	Office Equipment Leased $'000	Total $'000
At 1 July 2007							
Cost or fair value	599	2,417	157	578	430	571	4,752
Accumulated depreciation	(550)	(2,076)	(149)	(388)	(415)	(561)	(4,139)
Net book amount	49	341	8	190	15	10	613
Year ended 30 June 2008							
Opening net book amount	49	341	8	190	15	10	613
Additions	148	467	35	1	-	-	651
Exchange differences	-	(11)	(2)	-	-	-	(13)
Disposals	-	(6)	-	-	-	-	(6)
Depreciation/amortisation expense	(36)	(364)	(18)	(120)	(9)	(5)	(552)
Closing net book amount	161	427	23	71	6	5	693
At 30 June 2008							
Cost or fair value	747	2,884	192	579	430	571	5,403
Accumulated depreciation	(586)	(2,457)	(169)	(508)	(424)	(566)	(4,710)
Net book amount	161	427	23	71	6	5	693
Year ended 30 June 2009							
Opening net book amount	161	427	23	71	6	5	693
Additions	231	288	-	6	-	-	525
Exchange differences	4	60	-	-	-	-	64
Disposals	(1)	(7)	-	-	-	-	(8)
Depreciation/amortisation expense	(71)	(279)	(7)	(35)	(6)	(5)	(403)
Closing net book amount	324	489	16	42	-	-	871
At 30 June 2009							
Cost or fair value	978	3,172	192	585	430	571	5,928
Accumulated depreciation	(654)	(2,683)	(176)	(543)	(430)	(571)	(5,057)
Net book amount	**324**	**489**	**16**	**42**	**-**	**-**	**871**

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

14 Non-current assets - Property, plant and equipment (continued)

Parent	Plant and Equipment At Cost $'000	Office Equipment At Cost $'000	Motor Vehicle Leased $'000	Leasehold Improvements $'000	Plant and Equipment Leased $'000	Office Equipment Leased $'000	Total $'000
At 1 July 2007							
Cost or fair value	470	1,552	19	578	430	571	3,620
Accumulated depreciation	(449)	(1,417)	(19)	(388)	(415)	(561)	(3,249)
Net book amount	21	135	-	190	15	10	371
Year ended 30 June 2008							
Opening net book amount	21	135	-	190	15	10	371
Additions	99	21	35	1	-	-	156
Disposals	-	-	-	-	-	-	-
Depreciation/amortisation expense	(25)	(118)	(5)	(120)	(9)	(5)	(282)
Closing net book amount	95	38	30	71	6	5	245
At 30 June 2008							
Cost or fair value	569	1,573	54	579	430	571	3,776
Accumulated depreciation	(474)	(1,535)	(24)	(508)	(424)	(566)	(3,531)
Net book amount	95	38	30	71	6	5	245
Year ended 30 June 2009							
Opening net book amount	95	38	30	71	6	5	245
Additions	231	5	-	-	-	-	236
Depreciation/amortisation expense	(57)	(25)	(7)	(32)	(6)	(5)	(132)
					-		
Closing net book amount	269	18	23	39	-	-	349
At 30 June 2009							
Cost or fair value	800	1,578	54	579	430	571	4,012
Accumulated depreciation	(531)	(1,560)	(31)	(540)	(430)	(571)	(3,663)
Net book amount	**269**	**18**	**23**	**39**	**-**	**-**	**349**

(a) Non-current assets pledged as security

Refer to note 20 for information on non-current assets pledged as security by the parent entity and its controlled entities.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

15 Non-current assets - Intangible assets

Consolidated and Parent	**Development costs $'000**	**Total $'000**
At 30 June 2007		
Cost*	820	820
Accumulated amortisation** and impairment	-	-
Net book amount	**820**	**820**
Year ended 30 June 2008		
Opening net book amount	820	820
Additions	1,208	1,208
Impairment charge	-	-
Amortisation charge	-	-
Closing net book amount	**2,028**	**2,028**
At 30 June 2008		
Cost*	2,028	2,028
Accumulated amortisation** and impairment	-	-
Net book amount	**2,028**	**2,028**
Year ended 30 June 2009		
Opening net book amount	2,028	2,028
Additions	1,531	1,531
Impairment charge	-	-
Amortisation charge	-	-
Closing net book amount	**3,559**	**3,559**
At 30 June 2009		
Cost*	3,559	3,559
Accumulated amortisation** and impairment	-	-
Net book amount	**3,559**	**3,559**

* Relates to capitalised development costs being an internally generated intangible asset.
** Amortisation of $Nil (2008 - $Nil) is included in depreciation and amortisation expense in the income statement. Amortisation will commence with commercial shipping of the first order of the goods, which is expected to be no later than 31 December 2009.

16 Current liabilities - Trade and other payables

	Consolidated		**Parent**	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Trade payables	3,144	4,396	1,647	2,686
Other payables	1,203	1,538	510	1,087
	4,347	**5,934**	**2,157**	**3,773**

(a) Foreign currency risk

For an analysis of the sensitivity of trade and other payables to foreign currency risk refer to note 2.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

17 Current Liabilities - Borrowings

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Secured				
Bank overdrafts	-	481	-	481
Bank loans	2,233	2,247	2,233	2,247
Lease liabilities (note 30)	6	17	6	17
	2,239	2,745	2,239	2,745
Unsecured				
Redeemable Convertible Notes(note 17(g))	245	-	245	-
Payable to controlled entities	-	-	49	49
Total current borrowings	**2,484**	**2,745**	**2,533**	**2,794**

(a) Risk exposures

Details of the Group's exposure to fair value interest rate risk arising from current borrowings is set out in note 2.

(b) Fair value disclosures

No borrowings are readily traded on organised markets.

The carrying amounts of all borrowings are not materially different to their fair values at balance date.

The fair values of borrowings is based upon discounting the expected future cash flows by the current interest rates for liabilities with similar risk profiles.

Fair value does not include any transaction costs.

(c) Assets pledged as security

The total secured liabilities are as follows:

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Bank overdrafts and bank loans	2,233	2,728	2,233	2,728
Lease liabilities	23	33	23	40
Total secured liabilities	**2,256**	**2,761**	**2,256**	**2,768**

The bank loans and overdraft are secured by a Corporate Guarantee and Indemnity unlimited as to amount and a Mortgage Debenture over all the assets and undertaking of the Company and subsidiaries: Compumedics Telemed Pty Ltd, Compumedics Cardiology Pty Ltd, Compumedics Medical Innovation Pty Ltd, Compumedics USA Inc, Compumedics Germany GmbH and Compumedics Singapore Pte Ltd.

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

17 Current Liabilities – Borrowings (continued)

The carrying amounts of assets pledged as security for current borrowings are:

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Current					
Floating charge					
Cash and cash equivalents	9	2,607	571	1,640	476
Receivables	10	10,623	12,166	4,829	5,321
Inventories	11	3,798	4,684	2,543	3,178
Total current assets pledged as security		**17,028**	**17,421**	**9,012**	**8,975**
Non-current					
Floating charge					
Receivables	12	-	-	8,833	5,473
Property, plant and equipment	14	871	693	349	245
Intangible assets	15	3,559	2,028	3,559	2,028
Total non-current assets pledged as security		**4,430**	**2,721**	**12,741**	**7,746**
Total assets pledged as security		**21,458**	**20,142**	**21,753**	**16,721**

(d) Forward exchange contracts

As at 30 June 2009 and 30 June 2008 there were no outstanding forward exchange contracts.

(e) Financing arrangements

Access was available at balance date to the following lines of credit:

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Credit standby arrangements				
Total facility				
Bank overdrafts	-	400	-	400
Commercial debtors	2,200	1,234	2,200	1,234
	2,200	**1,634**	**2,200**	**1,634**
Used at balance date				
Bank overdrafts	-	481	-	481
Commercial debtors	872	714	872	714
	872	**1,195**	**872**	**1,195**
Unused at balance date				
Bank overdrafts	-	-	-	-
Commercial debtors	1,328	520	1,328	520
	1,328	**520**	**1,328**	**520**
Bank loan facilities				
Total facilities	2,200	1,500	2,200	1,500
Used at balance date	872	1,500	872	1,500
Unused at balance date	**1,328**	**-**	**1,328**	**-**

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

17 Current Liabilities – Borrowings (continued)

The Group had bank facilities totalling $3.6 million (including a fully drawn advance of $1.375 m) at 30 June 2009. As at the date of signing the financial statements, the Group has received written confirmation that the existing facilities with the primary lender are not repayable as at 30 September 2009 but remain repayable on demand. A review of the facilities is currently underway.

(f) Derivative instruments

Compumedics Limited and certain of its controlled entities may be party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in foreign exchange rates. At reporting date there were no outstanding derivative financial instruments in place.

(g) Redeemable Convertible Notes (RCNs)

On 2 February 2009 the Company issued Redeemable Convertible Notes (RCNs) to D&DJ Burton Holdings Pty Ltd to the value of $0.1 million and to other investors to the value of $0.145 million. The RCNs were convertible, at the option of the holder, into ordinary issued equity of the Company at the end of their 6 month life upon maturity. The holders elected to convert the RCNs. D&DJ Burton Holding Pty Ltd requires shares holders' approval at the company's annual general meeting before these new shares can be issued as D&DJ Burton Holdings Pty Ltd is a related party.

The RCNs carried a coupon rate of interest of 20% p.a.

Coupon interest on the RCNs could only be paid as equity. The interest was converted into equity on maturity.

The conversion factor used to turn the RCNs into ordinary equity of the Company was the average share price for 5 days immediately prior to the issue of the RCNs. The average share price calculated on this basis is 13.5 cents per share.

18 Current liabilities - Provisions

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Employee benefits	1,538	1,361	1,145	1,101
Service warranties (note (a))	400	399	157	174
	1,938	**1,760**	**1,302**	**1,275**

(a) Service warranties

Provision is made for the estimated warranty claims in respect of products sold which are still under warranty at balance date. These claims are expected to be settled in the next financial year but this may be extended into the following year if claims are made late in the warranty period and are subject to confirmation by suppliers that component parts are defective.

Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

18 Current liabilities – Provisions (continued)

(b) Movements in provisions

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

	Service warranties $'000
Consolidated - 2009	
Current	
Carrying amount at start of year	399
Charged/(credited) to the income statement	
- additional provisions recognised	1
- unused amounts reversed	-
Carrying amount at end of year	**400**
Parent - 2009	
Current	
Carrying amount at start of year	174
Charged/(credited) to the income statement	
- additional provisions recognised	-
- unused amounts reversed	(17)
Consolidated - 2009	**157**

19 Current liabilities - Deferred income

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Current				
Deferred income	1,023	975	384	355

Deferred income relates to service contracts yet to be performed and post sale installation and training obligations yet to be completed pursuant to the Company's accounting policies as detailed in Note 1 Summary of significant accounting policies, (e) Revenue recognition.

20 Non-current liabilities - Borrowings

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Secured				
Lease liabilities (note 30)	17	16	17	23

(a) Foreign currency and interest rate risk

Information about the Group's and parent entity's exposure to interest rate and foreign currency risk is provided in note 2 and note 17.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

21 Non-current liabilities - Deferred tax liabilities

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Movements:				
Opening balance at 1 July	-	73	-	73
Charged/(credited) to the income statement (note 8)	-	(73)	-	(73)
Charged/(credited) to equity (notes 24 and 25)				
Closing balance at 30 June	-	-	-	-

22 Non-current liabilities - Provisions

Employee benefits	25	16	25	16

23 Non-current liabilities - Deferred income

Deferred income	145	189	-	6

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

24 Contributed equity

	Consolidated and Parent entity		Consolidated and Parent entity	
	2009 Shares	2008 Shares	2009 $'000	2008 $'000
(a) Share capital				
Ordinary shares				
Fully paid	159,875,821	158,074,134	30,735	30,480
(b) Other equity securities				
Value of conversion rights RCNs			345	345
Deferred tax liability component			(73)	(73)
			272	272
Total contributed equity - parent entity			31,007	30,752
Total contributed equity - consolidated			31,007	30,752

(c) Movements in ordinary share capital:

Date	Details	Number of shares	Issue price	$'000
1 July 2006	Opening balance	140,000,000		29,020
	Share issued on conversion of options in lieu of bonus	70,423	$0.01	-
	Shares issued in lieu of interest payable on RCNs	2,439,024	$0.082	200
30 June 2007	Balance	142,509,447		29,220
1 July 2007	Opening balance	142,509,447		29,220
	Shares issued on conversion of options in lieu of bonus	222,222	$0.01	2
	Shares issued in lieu of interest payable on RCNs	3,147,343	$0.082	258
	Shares issued on conversion of RCN's	12,195,122	$0.082	1,000
30 June 2008	Balance	158,074,134		30,480
1 July 2009	Opening balance	158,074,134		30,480
	New shares issued	1,801,687	$0.142	255
30 June 2009	Balance	159,875,821		30,735

(d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

The ordinary shares have no par value.

(e) Other equity securities

The amount shown for other equity securities is the value of the conversion rights relating to the RCN, details of which are shown in note 17.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

25 Reserves and retained profits

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
(a) Reserves				
Foreign currency translation reserve	(758)	(748)	-	-
Shares issued in lieu of interest payable on RCNs	(458)	(458)	(458)	(458)
	(1,216)	**(1,206)**	**(458**	**(458)**
(b) Retained losses				
Movements in retained losses were as follows:				
Balance 1 July	(21,039)	(21,795)	(21,815)	(22,393)
Net profit/(loss) for the year	2,727	756	6,601	578
Balance 30 June	**(18,312)**	**(21,039)**	**(15,214)**	**(21,815)**

(c) Other Reserves

	Consolidated		Parent	
	Foreign currency translations $'000	RCN reserve $'000	Foreign currency translations $'000	RCN reserve $'000
Balances as at 1 July 2007	(583)	(200)	-	(200)
Shares issued in lieu of interest payable on RCN	-	(258)	-	(258)
Exchange difference on translation of foreign operation	(165)	-	-	-
At 30 June 2008	(748)	(458)	-	(458)
Exchange difference on translation of foreign operation	(10)	-	-	-
At 30 June 2009	**(758)**	**(458)**	**-**	**(458)**

(d) Nature and purpose of reserves

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in note 1(d). The reserve is recognised in profit and loss when the net investment is disposed of.

RCN Reserve

RCN Reserve relates to shares issued in lieu of interest payable on RCNs.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

26 Dividends

(a) Ordinary shares

The directors have not declared a dividend in the current financial year (2008: Nil).

(b) Franked dividends

The franked portions of the final dividends recommended after 30 June 2008 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2008.

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2008 - 30%)	-	-	-	-

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

(a) franking credits that will arise from the payment of the amount of the provision for income tax

(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

27 Key management personnel disclosures

(a) Directors

The following persons were directors of Compumedics Limited during the financial year:

(i) Chairman and Executive director
Mr. David Burton, Chief Executive Officer

(ii) Non-executive directors
Mr. Alan Anderson
Dr. Graham Mitchell

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	***Position***	***Employer***
David Lawson^	Chief Financial Officer and Company Secretary	Compumedics Limited
Warwick Freeman^	Chief Technology Officer	Compumedics Limited
Kerry Hubick^	Legal Counsel & Patent Attorney	Compumedics Limited
Andrew Kegele^	Business Director, Australia and New Zealand	Compumedics Limited
Claude Buckles	Vice President, Sleep Sales, USA	Compumedics USA Limited
Christoph Witte^	Managing Director, DWL	Compumedics Germany GmbH
Curtis Ponton^	Vice President, Chief Scientist, Neuroscan	Compumedics USA Limited
Tom Lorick^	Vice President, Marketing America	Compumedics USA Limited

^ The above persons were also key management persons during the year ended 30 June 2008.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

(c) Key management personnel compensation

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
Short-term employee benefits	2,068,927	1,866,094	1,215,114	1,235,067
Post-employment benefits	98,692	92,240	71,068	67,654
Long-term benefits	12,461	31,392	12,461	31,392
Share-based payments	-	-	-	-
	2,180,080	**1,989,726**	**1,298,643**	**1,334,113**

(d) Equity instrument disclosures relating to key management personnel

(i) Option holdings

The numbers of options over ordinary shares in the company held during the financial year by each director of Compumedics Limited and other key management personnel of the Group, including their personally related parties, are set out below.

There were no options provided as remuneration during the current or prior year.

Name	Balance at start of the year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at end of the year	Vested and exercisable at end of the year	Unvested
2009							
Directors of Compumedics Limited							
David Burton	-	-	-	-	-	-	-
Prof. Graham Mitchell	-	-	-	-	-	-	-
Alan Anderson	-	-	-	-	-	-	-
2008							
Directors of Compumedics Limited							
David Burton	222,222	-	(222,222)	-	-	-	-
Prof. Graham Mitchell	-	-		-	-	-	-
Alan Anderson	-	-		-	-	-	-

No other key management personnel held options during the period 1 July 2008 to 30 June 2009 and at 30 June 2009.

(ii) Share holdings

The numbers of shares in the company held during the financial year by each director of Compumedics Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

27 Key management personnel disclosures (continued)

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
2009				
Directors of Compumedics Limited				
Ordinary shares				
David Burton	107,536,745	-	(7,529,443)	100,007,302
Dr. Graham Mitchell	-	-	-	-
Alan Anderson	89,655	-	-	89,655
Other key management personnel of the Group				
Ordinary shares				
David Lawson	1,125,371	-	2,333,333	3,458,704
Warwick Freeman	82,000	-	-	82,000
Kerry Hubick	1,044,529	-	-	1,044,529
Andrew Kegele	66,483	-	-	66,483
Claude Buckles	-	-	-	-
Christoph Witte	-	-	-	-
Curtis Ponton	-	-	-	-
Tom Lorick	-	-	-	-
* The shares were purchased on market and off-market at market rates and do not form part of remuneration.				
2008				
Directors of Compumedics Limited				
Ordinary shares				
David Burton	91,972,058	222,222	15,342,465	107,536,745
Dr. Graham Mitchell	-	-	-	-
Alan Anderson	89,655	-	-	89,655
Other key management personnel of the Group				
Ordinary shares				
David Lawson	1,125,371	-	-	1,125,371
Warwick Freeman	82,000	-	-	82,000
Kerry Hubick	1,044,949	-	(420)	1,044,529
Andrew Kegele	66,483	-	-	66,483
Claude Buckles	-	-	-	-
Christoph Witte	-	-	-	-
Curtis Ponton	-	-	-	-
Tom Lorick	-	-	-	-
* The shares were purchased on market and off-market at market rates and do not form part of remuneration.				

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

27 Key management personnel disclosures (continued)

(e) Other transactions with key management personnel

David Burton is a director of D & DJ Burton Holding Pty Ltd.

On 2 February 2009 the Company issued Redeemable Convertible Notes (RCNs) to D&DJ Burton Holdings Pty Ltd to the value of $0.1 million and to David Lawson to the value of $0.135 million. The RCNs were convertible, at the option of the holder, into ordinary issued equity of the Company on maturity and had a 6 month life upon maturity, the holder elected to convert the RCNs.

The RCNs carried a coupon rate of interest of 20% p.a.

Coupon interest on the RCNs could only be paid as equity. The interest was converted into equity after the year ended 30 June 2009.

The conversion factor to be used if the holder elects to turn the RCNs into ordinary equity of the Company is the average share price for 5 days immediately prior to the issue of the RCN. The average share price calculated on this basis is 13.5 cents per share.

A Director, Alan Anderson, was a partner in the American legal firm of Briggs & Morgan, prior to this financial year he was a partner of Fulbright & Jaworski LLP. This firm is based in the US and has provided legal services to Compumedics Limited and certain of its controlled entities during the year on normal commercial terms and conditions.

Aggregate amounts of each of the above types of other transactions with key management personnel of the Group:

	2009 $	2008 $
Amounts recognised as expense		
Legal fees	70,122	98,048

Aggregate amounts payable to key management personnel of the Group at balance date relating to the above types of other transactions:

Current liabilities – Borrowings	-	-

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

28 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated		Parent	
	2009	2008	2009	2008
	$	$	$	$
(a) Audit services				
Ernst & Young Australian firm				
Audit and review of financial reports under the Corporations Act 2001	150,000	-	150,000	-
Other accounting assistance				
Related practices of Ernst & Young Australian firm	-	-	-	-
Total remuneration for audit services	**150,000**	**-**	**150,000**	**-**
PricewaterhouseCoopers Australian firm				
Audit and review of financial reports under the Corporations Act 2001	-	180,000	-	180,000
Other accounting assistance	-	25,000	-	25,000
Related practices of PricewaterhouseCoopers Australian firm	-	13,604	-	13,604
Total remuneration for audit services	**-**	**218,604**	**-**	**218,604**
(b) Non-audit services				
Taxation services				
Related practices of Ernst & Young Australian firm				
Tax compliance services	22,000	21,839	22,000	-
Total remuneration for taxation services	**22,000**	**21,839**	**22,000**	**-**
	172,000	**240,443**	**172,000**	**218,604**

29 Contingencies

(a) Contingent liabilities

The parent entity and consolidated entity had no contingent liabilities at 30 June 2009.

(b) Contingent assets

The parent entity and consolidated entity had no contingent assets at 30 June 2009.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

30 Commitments

(i) Operating leases

The Company leases its office facilities in Melbourne, Charlotte, Hamburg and Singen Germany. These leases have varying terms, escalation clauses and renewal rights. On renewal the terms of the leases are renegotiated.

	Consolidated		Parent	
	2009 **$**	**2008** **$**	**2009** **$**	**2008** **$**
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	965	921	549	562
Later than one year but not later than five years	447	932	137	737
Commitments not recognised in the financial statements	**1,412**	**1,853**	**686**	**1,299**
Other leases				
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of rental properties	208	375	208	375

The Group has hire purchase contracts for motor vehicles with a carrying amount of $11K (2008 $25K) for both the Group and the parent. These hire purchase contracts expire within one to four years.

(ii) Hire purchase commitments				
Within one year	6	17	6	17
After one year but not more than five years	17	16	17	23
Total minimum lease payments	**23**	**33**	**23**	**40**

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

31 Share-based payments

(a) Employee Option Plan

The establishment of the Compumedics Limited Employee Option Plan was approved by shareholders immediately prior to the listing of the Company in December 2000. All staff are eligible to participate in the plan.

Options are typically granted under the plan for no consideration except when options are issued in lieu of a cash bonus as noted below. Options are granted for a five year period and each new tranche vests and is exercisable on the following basis:

(i) 20% of each new tranche vests and is exercisable at the 1 st anniversary date of the grant

(ii) 30% of each new tranche vests and is exercisable at the 2nd anniversary date of the grant

(iii) 50% of each new tranche vests and is exercisable at the 3rd anniversary date of the grant

When exercisable each option is convertible into one ordinary share of the Company.

The exercise price of the options is based on the closing price at which the Company's shares are traded on the Australian Stock Exchange on the day prior to the grant.

Where options have been taken in lieu of a cash bonus the vesting period does not apply and the exercise price is 1 cent per share. The number of options issued is calculated by dividing the cash bonus available by the average share price for the 5 trading days prior to the granting of the options taken in lieu of the cash bonus.

The Company did not have any share based payments in the full year ended 30 June 2009.

Set out below are summaries of options granted under the plan:

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Vested and exercisable at end of the year Number
Consolidated and parent - 2009							
11 March 2004	11 April 2009	$0.31	50,000	-	-	(50,000)	-
				-	-		-
Total			50,000	-	-	(50,000)	-
Weighted average exercise price			$0.31	-	-	$0.31	-
Consolidated and parent - 2008							
20 December 2002*	20 December 2007	$0.01	222,222	-	(222,222)	-	-
11 March 2004	11 April 2009	$0.31	50,000	-	-	-	50,000
Total			272,222	-	(222,222)	-	50,000
Weighted average exercise price			$0.07	$-	$0.01	$-	$.031

* These options were issued in lieu of a cash bonus. As such the exercise price is 1 cent per share and the options vested in full on the grant date.

The weighted average share price at the date of exercise of options exercised during the year ended 30 June 2009 was Nil. (2008: $0.01)

The weighted average remaining contractual life of share options outstanding at the end of the period was Nil months. (2008: 9.5 months)

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

32 Related party transactions

(a) Parent entities

The ultimate parent entity in the wholly-owned group is Compumedics Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 33.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 27.

(d) Transactions with related parties

Transactions between Compumedics Limited and other entities in the wholly owned group during and as at the years ended 30 June 2009 and 2008 consisted of:

	Consolidated		Parent	
	2009	2008	2009	2008
	$	$	$	$
Sales of goods and services				
Sales of electronic equipment to Compumedics USA Ltd from Compumedics Limited	-	-	1,907,567	2,069,925
Sales of electronic equipment to Compumedics Germany GmbH from Compumedics Limited	-	-	728,280	791,290
Purchases of goods				
Purchase of electronic equipment from Compumedics USA Ltd by Compumedics Limited	-	-	1,234,490	1,347,101
Purchase of electronic equipment from Compumedics Germany GmbH by Compumedics Limited	-	-	840,819	99,810
Cash transfers				
Cash transfers from Compumedics USA Ltd to Compumedics Limited	-	-	1,051,306	615,502
Cash transfers from Compumedics Limited to Compumedics Germany GmbH	-	-	21,809	1,193,675
Cash transfers from Compumedics Germany GmbH to Compumedics Limited	-	-	143,666	-
Other transactions				
Management Fee to Compumedics Germany GmbH from Compumedics Limited	-	-	798,882	695,682
Management Fee to Compumedics Limited from Compumedics USA	-	-	2,272,969	2,803,444
Purchase of legal services from Briggs & Morgan	70,122	-	70,122	-
Purchase of legal services from Fulbrights	-	98,048	-	98,048
Receipt of RCNs from D & DJ Burton Holdings Pty Ltd	100,000	-	100,000	-
Interest on RCNs	8,106	153,520	8,106	153,520
Receipt of RCN's from David Lawson	135,000	-	135,000	-
Interest on RCNs	10,948	-	10,948	-

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

32 Related party transactions (continued)

(e) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated		Parent	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Non-current receivables (sales of goods and services)				
Subsidiaries	-	-	8,832,927	5,059,796

There has been a provision raised against the loan balance. Refer to note 10 for details.

(f) Loans to/from related parties

	Consolidated		Parent	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Loans to/from subsidiaries				
Beginning of the year	-	-	5,695,754	6,139,426
Loans advanced				
Loan repayments received	-	-		-
Foreign exchange movement taken to income statement			781,952	(443,672)
End of year	**-**	**-**	**6,477,706**	**5,695,754**
Trading accounts to/from subsidiaries				
USA				
Beginning of the year	-	-	3,195,109	2,221,135
Net movement in trading activities	-	-	1,669,629	973,974
End of year	**-**	**-**	**4,864,738**	**3,195,109**
DWL				
Beginning of the year	-	-	1,864,687	624,307
Net movement in trading activities	-	-	539,571	1,240,380
End of year	**-**	**-**	**2,404,258**	**1,864,687**
Loans to/from director				
Beginning of the year	-	846,480	-	846,480
Loans advanced	100,000	-	100,000	-
Interest charged	8,106	153,520	8,106	153,520
Amounts taken to equity		(1,000,000)		(1,000,000)
End of year	**108,106**	**-**	**108,106**	**-**

(g) Guarantees

No guarantees have been given from related parties.

(h) Terms and conditions

Sales between Compumedics Limited and Compumedics USA Ltd are at a cost plus a 5% mark up.

Compumedics Singapore Pte Ltd and Compumedics Germany GmbH are Charged commissions, at a mark up of 5% of running costs of those entities. Compumedics Singapore no longer trades.

All other transactions were made on normal commercial terms and conditions and at market rates. The Company has agreed extended credit terms on this outstanding balance.

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

33 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

	Country of incorporation	Class of shares	Equity holding 2009 %	Equity holding 2008 %
Compumedics Telemed Pty Ltd.	Australia	Ordinary	100	100
Compumedics Medical Innovations Pty Ltd.	Australia	Ordinary	100	100
Compumedics Cardiology Pty Ltd.	Australia	Ordinary	100	100
Compumedics USA Inc.	USA	Ordinary	100	100
Compumedics Singapore Pte Ltd.	Singapore	Ordinary	100	100
Compumedics USA Ltd. (formerly Neuroscan Ltd.)	USA	Ordinary	100	100
Compumedics Germany GmbH.	Germany	Ordinary	100	100
Cardio Sleep Services Inc.	USA	Ordinary	100	100

34 Events occurring after the balance sheet date

The Directors note that the Group has received written confirmation that the existing facilities with the primary lender are not repayable as at 30 September 2008 but are repayable on demand. An annual review of the facilities is currently underway. As part of this review, the Group has requested additional facilities from its primary lender which at this point are still subject to review and approval.

35 Reconciliation of profit/(loss) after income tax to net cash inflow/(outflow) from operating activities

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Profit/(loss) for the year	2,727	756	6,601	578
Depreciation and amortisation	403	552	132	282
Net exchange differences	393	(139)	(394)	69
Property lease benefit amortisation	-	(9)	-	-
Loss of Disposal on fixed assets	(8)	-	-	-
Change in deferred tax	-	(73)	-	(73)
RCN interest taken as expense	19	154	19	154
Change in operating assets and liabilities				
Decrease (Increase) in receivables	1,543	298	492	(531)
Decrease (Increase) in inventories	886	307	635	(214)
(Decrease) increase in trade payables	(1,587)	(362)	(1,616)	646
Increase (decrease) in deferred revenues	5	107	23	135
Increase in other provisions	187	272	36	186
Net cash inflow (outflow) from operating activities	**4,568**	**1,863**	**5,928**	**1,232**

Notes to the Financial Statements (continued)

For the year ended 30 June 2009

36 Earnings per share

	Consolidated	
	2009 Cents	2008 Cents
(a) Basic earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company	1.7	0.5
(b) Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company	1.7	0.5

(c) Reconciliations of earnings used in calculating earnings per share

	Consolidated	
	2009 $'000	2008 $'000
Basic earnings per share		
Profit from continuing operations	2,727	756
Diluted earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	2,727	756
Profit from continuing operations attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	2,727	756

(d) Weighted average number of shares used as the denominator

	Consolidated	
	2009 Number	2008 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	159,875,821	142,552,090
Adjustments for calculation of diluted earnings per share:		
Options	50,000	207,237
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	159,925,821	142,759,327

(e) Information concerning the classification of securities

(i) Options

Options that have been granted are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 31.

(ii) Redeemable Convertible notes

Redeemable Convertible notes issued during the year are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2009.

Directors' Declaration

In the opinion of the directors:

(a) the financial statements and notes set out on pages 20 to 74 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 company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) the audited remuneration disclosures set out on pages 5 to 11 of the directors' report comply with Accounting Standards AASB 124 Related Party Disclosures and the Corporations Regulations 2001; and

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

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

David Burton
Director

Melbourne
30 September 2009

Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
www.ey.com/au

Independent auditor's report to the members of Compumedics Limited

Report on the Financial Report

We have audited the accompanying financial report of Compumedics Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the 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. In Note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider 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 met 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. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

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

   i giving a true and fair view of the financial position of Compumedics Limited and the consolidated entity at 30 June 2009 and of their 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*.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 11 of the directors' report for the year ended 30 June 2009. 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.

Auditor's Opinion

In our opinion the Remuneration Report of Compumedics Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

June Wilson
Partner
Melbourne
30 September 2009

Additional information required by Australian Stock Exchange Listing Rules and not disclosed elsewhere in this Annual Report; the information presented is at 23 September 2009.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Class of equity security					
	Ordinary shares	**Number held**	**Options**	**Number held**	**Redeemable Convertible notes**	**Number held**
1 - 1000	89	69,818	-	-	3	245
1,001 - 5,000	400	1,355,624	-	-	-	-
5,001 - 10,000	251	2,171,412	-	-	-	-
10,001 - 100,000	346	10,818,109	-	-	-	-
100,001 and over	85	146,753,431	-	-	-	-
	1,171	**161,168,394**	**-**	**-**	**3**	**245**

There were 297 holders of less than a marketable parcel of ordinary shares and they hold 285,883 ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest holders of quoted equity securities are listed below:

Name	**Ordinary shares**	
	Number held	**Percentage of issued shares**
D & DJ Burton Holdings Pty Ltd	97,965,782	60.78
Teijin Pharma Limited	8,293,698	5.15
Armco Barriers Pty Ltd	6,000,000	3.72
Medigas Italia S.R.L	4,333,333	2.69
Mr David Francis Lawson	3,065,256	1.90
Electro Molecular Pty Ltd	2,041,500	1.27
Bond Street Custodians Limited	1,493,448	0.93
John Tilton Pty Ltd	1,137,409	0.71
Mr Mladen Marusic	1,126,991	0.70
Dr Kerry Trent Hubick	1,126,011	0.70
Mr Bert Van Netten	1,119,468	0.69
Dr Russell Kay Hancock	1,000,000	0.62
Andama Holding Pty Ltd	892,000	0.55
Mr Richard Keller	720,000	0.45
Go Go Marketing Pty Ltd	666,667	0.41
EST Joan Elaine Steel	630,000	0.39
Southam Investments 2003 Pty Ltd	552,000	0.34
Mr Paul Henry Golding	500,000	0.31
Summit Twenty - Five Pty Ltd	430,000	0.27
Mr Lance Peter Thomas	419,801	0.27
	133,513,364	**82.85**

Unquoted equity securities

	Number on issue	**Number of holders**
Convertible redeemable notes	245	3

C. Substantial holders

Substantial holders in the company are set out below:

	Number held	Percentage
Ordinary shares		
D & DJ Burton Holdings Pty Ltd	97,965,782	60.78 %
Teijin Pharma Limited	8,293,698	5.15 %
Unquoted equity securities		
Convertible redeemable notes held by D & DJ Burton Holdings Pty Ltd	100	41%
Convertible redeemable notes held by David Lawson	135	55%

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Convertible redeemable notes
No voting rights.

(c) Options
No voting rights.

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