

# COMPUMEDICS LIMITED

(ACN 006 854 897)

## ASX Half-year information 31 December 2012

Lodged with the ASX under Listing Rule 4.2A.3

This information should be read in conjunction with the 30 June 2012 Annual Report.

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**Compumedics Limited**  
**Half-year ended 31 December 2012**

(Previous corresponding period:  
Half-year ended 31 December 2011)

**Results for Announcement to the Market**

				<b>\$'000</b>
<b>Revenue</b> from continuing operations <i>(Appendix 4D item 2.1)</i>		Down 11%	to	13,180
<b>Profit</b> before interest and tax (A\$'000)		Down \$856k	To	(452)
<b>Profit</b> after tax attributable to members <i>(Appendix 4D item 2.2)</i>		Down \$919k	to	(767)
<b>Net Profit</b> for the period attributable to members <i>(Appendix 4D item 2.3)</i>		Down \$919k	to	(767)

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

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

<b>n/a</b>
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**Explanation of Revenue** *(Appendix 4D item 2.6)*

The Company generated \$13.1m in revenues from the sale of goods and services, which was 11% lower than the prior corresponding half-year. At 31 December 2012, the Company was holding \$6.4m in sales orders to ship.

Revenues shipped and invoiced for the six-month period to 31 December 2012 were impacted by the following factors:

- 1 The Company has only in the last few weeks of February completed the primary working capital refinancing of the business. In addition the Company has also organised additional sources of funding, which combined will enable the business to clear the significant backlog of sales-orders on hand.
- 2 Importantly the Company achieved sales-order growth over the prior corresponding six-month period in Australia (up 11%), north Asia, including China (up 41%), Germany (up 116%) and the Middle East (up 620%). The growth in sales-orders in these territories was offset by declines in sales-orders taken in the US (down 38%), Japan (down

75%) and the rest of Europe, excluding Germany (down 57%). This left overall sale-orders taken for the Company in the six months to 31 December 2012 being down 14% over the prior corresponding period. Importantly the result was affected by the timing of large sales-orders in the US and the Middle East not being received by 31 December 2012, some of which subsequently have been received.

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

Loss after tax for the half-year to 31 December 2012 was \$0.8m compared to a profit of \$0.2m for the prior corresponding half-year.

Whilst the Company recorded a loss for the six-months to 31 December 2012 of \$0.8m this is a significant improvement on the loss of \$3.0m recorded for the last six-month period of FY2012, of which \$0.9m of the loss relates to the write-off of deferred tax assets. This reflects the turnaround initiatives being employed by the business, despite not having the refinancing in place until recently, are working and the business is in a strong position to return to profitability in the second six months of FY2013 and for FY2013, once the existing sales-orders on hand are shipped and based on new orders being received.

The Company remains committed to its strategic growth plans, whilst at the same time improving productivity and efficiency throughout the business in order to continue to generate consistent and growing profits, despite the "high-Australian-dollar" environment the Company is operating in, and expects to continue to operate in.

In terms of the key growth opportunities for the core sleep and neurological disorders monitoring equipment business the Company believes growth will continue to come from the following primary areas:

1. The continuing expansion of Compumedics into the global long-term EEG monitoring (LTEM) market, specifically in the USA and China and other major markets around the world.
2. The expansion of our core sleep-diagnostic and brain (neurological) monitoring businesses in Europe and Asia. Specifically, China where we have renewed and strengthened our relationship with our long-term distributor in that market Bestmed and in Germany and France where we continue to develop our direct presence in these two markets.
3. The development of a new supplies and consumables business based out of China.

Additionally, the Company will continue to look for ways to expand its sleep disorders business into sleep-treatment with the development

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of the SomniLink® SPAP® system market. The Company continues to pursue FDA clearance for this product for the US market and progressed commercial discussion in Europe and Asia.

In relation to efficiency and margin improvement the Company has identified a number of manufacturing activities and component sourcing opportunities following the review it conducted last year. These projects are currently in the process of being implemented or planned for implementation over the next three to six months. Once fully implemented these activities will deliver approximately \$2m per annum in margin and profitability improvement.

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

No dividends were declared or paid in the period.

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**Compumedics Limited**  
**Half-year report – 31 December 2012**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by Compumedics Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

# Directors' Report

## Interim Report – 31 December 2012

Your directors present their report on the consolidated entity consisting of Compumedics Limited and the entities it controlled at the end of and during the half-year ended 31 December 2012.

### Directors

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

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

### Review of Operations

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

	<b>6 months ended Dec 2012</b>	<b>6 months ended Dec 2011</b>
Revenues from continuing operations (A\$'000)	13,180	14,785
(Loss)/Profit before interest, and tax (A\$'000)	(452)	403
(Loss)/Profit for the half-year (A\$'000)	(767)	152
Basic earnings/(loss) per share (cents)	(0.005)	0.001
Diluted earnings/(loss) per share (cents)	(0.005)	0.001

### Business / Product Group Performance

Compumedics net loss after tax in the half-year to 31 December 2012 was \$0.8m compared with a profit of \$0.2m in the prior corresponding half-year. The result reflected the delay in securing funding to enable the Company to clear the excess open sales-orders it has been carrying in the order of approximately \$6.4m.

Compumedics continues to focus on the identified growth opportunities for the Company and will pursue these in conjunction with productivity gains and cost reductions in order to continue to grow the earnings of the Company, despite the "high-Australian-dollar" environment the Company now trades in and expects to continue to trade in.

Compumedics continued to improve its financial metrics over the half-year to 31 December 2012 including:

- EBITDA for the half year to 31 December 2012 was \$0.2m compared to a \$1.0m loss before interest, tax, depreciation and amortisation in the second half of FY2012.
- Operating cash flows were positive \$0.4m for the half-year to 31 December 2012, compared to \$0.7m in the half-year to 31 December 2011.
- Borrowings, at 31 December 2012, were stable at \$2.4 million compared to \$2.1m at 30<sup>th</sup> June 2012.
- Cash on hand at 31 December 2012 was \$1.7m compared to \$1.1m at 30 June 2012.

### Explanation of non-IFRS measures of performance

	31 Dec 2012 \$'000	31 Dec 2011 \$'000
Profit (Loss) after tax	(767)	152
Tax expense / (benefit)	106	(8)
Interest expense	209	259
Earnings before interest and tax (EBIT)	(452)	403
Depreciation	223	155
Amortisation	411	313
Earnings before interest, tax, depreciation and amortisation (EBITDA)	182	871

Compumedics Limited financial results are reported under International Financial Reporting Standards (IFRS). This market release also contains non-IFRS measures including EBITDA, EBIT and constant currency. These measures are presented to enable an understanding of the performance of the business before funding, taxation and the treatment of assets is taken into consideration and to review the performance of the business excluding foreign currency movements. The table above explains how EBITDA and EBIT have been calculated.

### Events subsequent to reporting date

The Company has re-financed its working capital facilities with BIBBY Financial Services as of 14<sup>th</sup> February 2012. BIBBY will provide an invoice financing facility to the Company with a facility limit of \$2.5m. The facility was drawn to \$1.225m at settlement and Bankwest facilities totalling \$1.225m were repaid. The Company has received commitments of additional short-term funding from current shareholders and trading partners of the Company as well as being well advanced in implementing a new equity issue. These activities combined will contribute an additional \$0.35m in cash availability to the business in order to assist with clearing the current backlog of sales orders, which is approximately \$7.4m as of 15<sup>th</sup> February 2012.

## **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 9.

## **Rounding of amounts**

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

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



D. Burton  
Executive Chairman

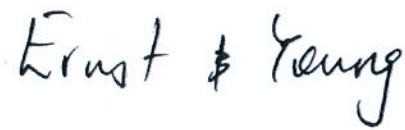
Melbourne  
28<sup>th</sup> February, 2013

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## Auditor's Independence Declaration to the Directors of Compumedics Limited

In relation to our review of the financial report of Compumedics Limited for the half-year ended 31 December 2012, 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



David Petersen  
Partner  
28 February 2013

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**Compumedics Limited**  
**Consolidated statement of comprehensive income**  
**for the half-year ended 31 December 2012**

Notes	Half-year 2012 \$'000	Half-year 2011 \$'000
Sale of goods	12,012	13,833
Rendering of services	1,168	952
<b>Revenue</b>	<b>13,180</b>	<b>14,785</b>
Cost of sales	(6,007)	(6,785)
<b>Gross profit</b>	<b>7,173</b>	<b>8,000</b>
Other revenue	212	293
Administration	(2,374)	(2,183)
Sales & Marketing	(2,626)	(3,656)
Research & Development	(2,678)	(2,051)
Unrealised foreign exchange loss	3 (159)	-
Finance costs	(209)	(259)
<b>Profit/(Loss) before income tax</b>	<b>(661)</b>	<b>144</b>
Income tax credit / (expense)	(106)	8
<b>Profit/(Loss) after income tax</b>	<b>(767)</b>	<b>152</b>
<b>Net profit/(Loss) for the period</b>	<b>(767)</b>	<b>152</b>
<b>Other comprehensive income</b>		
Items that may be subsequently reclassified to Profit or Loss when specific conditions are met:		
Foreign currency translation	(21)	(315)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(788)</b>	<b>(163)</b>

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

**Compumedics Limited**  
**Consolidated statement of comprehensive income**  
**for the half-year ended 31 December 2012**

Notes	Half-year 2012 \$'000	Half-year 2011 \$'000
<b>Earnings/(loss) per share for profit/(loss) attributable to the ordinary equity holders of the parent:</b>	Cents	Cents
Basic earnings/(loss) per share	(0.005)	0.001
Diluted earnings/(loss) per share	(0.005)	0.001

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

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**Compumedics Limited**  
**Consolidated statement of financial position**  
**as at 31 December 2012**

Notes	31 Dec 2012 \$'000	30 June 2012 \$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,653	1,099
Trade and other receivables	6,760	8,701
Inventories	5,451	5,289
<b>Total current assets</b>	<b>13,864</b>	<b>15,089</b>
<b>Non current assets</b>		
Property, plant and equipment	585	755
Intangible assets 4	3,776	4,031
<b>Total non current assets</b>	<b>4,361</b>	<b>4,786</b>
<b>Total assets</b>	<b>18,225</b>	<b>19,875</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	3,783	4,909
Interest bearing liabilities 5	2,319	1,989
Provisions	2,287	2,031
Deferred revenues	1,117	1,292
Income tax payable	117	186
<b>Total current liabilities</b>	<b>9,623</b>	<b>10,407</b>
<b>Non current liabilities</b>		
Interest bearing liabilities 5	42	93
Provisions	29	34
Deferred revenues	104	126
<b>Total non current liabilities</b>	<b>175</b>	<b>253</b>
<b>Total liabilities</b>	<b>9,798</b>	<b>10,660</b>
<b>Net assets</b>	<b>8,427</b>	<b>9,215</b>
<b>EQUITY</b>		
Contributed equity	31,019	31,019
Reserves	(993)	(972)
Retained earnings	(21,599)	(20,832)
<b>Total equity</b>	<b>8,427</b>	<b>9,215</b>

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

**Compumedics Limited**  
**Consolidated statement of changes**  
**in equity for the half-year**  
**ended 31 December 2012**

	Contributed equity \$,000	Reserves \$,000	Retained Earnings \$,000	Total \$'000
<b>Balance at 1 July 2011</b>	<b>31,019</b>	<b>(261)</b>	<b>(18,003)</b>	<b>12,755</b>
Profit for the period	-		152	152
Other comprehensive loss	-	(315)	-	(315)
<b>Total comprehensive income / (loss) for the half year</b>	<b>-</b>	<b>(315)</b>	<b>152</b>	<b>(163)</b>
<b>Transactions with owners in their capacity as owners:</b>	-	-	-	-
<b>Balance at 31 December 2011</b>	<b>31,019</b>	<b>(576)</b>	<b>(17,851)</b>	<b>12,592</b>
<b>Balance at 1 July 2012</b>	<b>31,019</b>	<b>(972)</b>	<b>(20,832)</b>	<b>9,215</b>
Loss for the period	-		(767)	(767)
Other comprehensive loss	-	(21)	-	(21)
<b>Total comprehensive loss for the half year</b>	<b>-</b>	<b>(21)</b>	<b>(767)</b>	<b>(788)</b>
<b>Transactions with owners in their capacity as owners:</b>	-	-	-	-
<b>Balance at 31 December 2012</b>	<b>31,019</b>	<b>(993)</b>	<b>(21,599)</b>	<b>8,427</b>

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

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**Compumedics Limited**  
**Consolidated statement of cash flows**  
**for the half-year ended 31 December 2012**

	Notes	Half-year 2012 \$'000	Half-year 2011 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of goods and services tax)		15,176	15,746
Payments to suppliers and employees (inclusive of goods and services tax)		(14,659)	(14,875)
Receipts from other income		212	93
Income tax paid		(106)	-
Interest paid		(209)	(259)
<b>Net cash from operating activities</b>		<b>414</b>	<b>705</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(53)	(75)
Purchase of intangible assets		(93)	(441)
<b>Net cash (outflow) from investing activities</b>		<b>(146)</b>	<b>(516)</b>
<b>Cash flows from financing activities</b>			
Contributed equity		-	-
Repayments of finance leases		(63)	(50)
Proceeds from borrowings		250	211
Repayment of borrowings		(238)	(400)
<b>Net cash (outflow) from financing activities</b>		<b>(51)</b>	<b>(239)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>217</b>	<b>(50)</b>
Cash and cash equivalents at the beginning of the period		(296)	(80)
Net foreign exchange differences		7	(13)
<b>Cash and cash equivalents at the end of the period</b>	5	<b>(72)</b>	<b>(143)</b>

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

**Compumedics Limited**  
**Notes to the financial statements**  
**for the half-year ended 31 December 2012**

**1 Basis of preparation and accounting policies**

**(a) Basis of preparation**

The general purpose condensed financial report for the half-year ended 31 December 2012 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This half-year financial report does not include all the notes of the type normally included within the annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by Compumedics Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Apart from the changes in accounting policies noted below, the accounting policies adopted are consistent with the most recent Annual Report for the year ended 30 June 2012.

*Changes in accounting policy*

The accounting policies adopted for the interim condensed consolidated financial statements are consistent with those followed for the preparation of the Group's annual financial statements for the year ended 30 June 2012, and other standards issued as of 1 July 2012 do not have a significant impact on the consolidated financial statements of Compumedics Limited.

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

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**Compumedics Limited**  
**Notes to the financial statements**  
**for the half-year ended 31 December 2012**

**(b) Going Concern assumption**

During the half-year ended 31 December 2012, Compumedics Limited generated a loss after tax of \$0.8m and positive cash flows from operations of \$0.4m. In the corresponding prior half-year Compumedics generated a profit after tax of \$0.2m and cash flows from operations of \$0.7m.

Compumedics Limited had a net debt position of \$0.7m at 31 December 2012, (cash at \$1.7m and bank debt at \$2.4m). The net debt position at June 2012 was \$1.0m (cash at \$1.1m and bank debts at \$2.1m).

The Company was holding orders-on-hand at 31 December 2012 of \$6.4m almost two and a half times the \$2.8m of orders-on-hand at 31 December 2011.

Subsequent to period end, the Company has settled new working capital facilities with BIBBY Financial Services. These facilities are based on invoice financing with a facility limit of \$2.5m.

The Company, however, does not anticipate the facility limits will be sufficient to enable the Company to fully fund working capital required to meet its commitments and capitalise on the renewed growth the Company is currently experiencing with its neuro-diagnostic product range. This is a consequence of the Company not being able to ship sufficient sales-orders on hand to present invoices to utilise the facility limit.

As such, the Company has sought additional sources of funding to enable the Company to fully capture these commercial opportunities. These discussions include non-bank lending and new equity options. Prior to 31 December the Company secured \$250k in non-bank lending and is negotiating a further \$100k in non-bank lending as well as the issue of new shares to the value of \$250k. The Company will continue to seek additional funding on this basis until it has shipped the excess backlog of sales-orders.

The Directors believe, based on current information available to them, that one or more of these additional financing options will be successful, thus providing the Company with sufficient working capital.

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

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**Compumedics Limited**  
**Notes to the consolidated financial statements**  
**for the half-year ended 31 December 2012**

**Note 2. Operating segment**

**Identification of reportable segments**

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

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

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

**Geographic locations**

Americas

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

Australia and Asia Pacific

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

Europe and the Middle East

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

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**Compumedics Limited**  
**Notes to the consolidated financial statements**  
**for the half-year ended 31 December 2012**

**Note 2. Operating segment (continued)**

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

The following table represents revenue and profit information for reportable segments for the half-years ended 31 December 2012 and 31 December 2011.

**Half-year ended 31 December 2012**

	Continuing operations				Total
	USA	Australia and Asia Pacific	Europe	Other	
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>					
Sales to external customers	4,065	5,327	3,788	-	13,180
Intersegment sales	581	782	74	-	1,437
Other intersegment revenue	-	-	377	-	377
<b>Total segment revenue</b>	<b>4,646</b>	<b>6,109</b>	<b>4,239</b>	<b>-</b>	<b>14,994</b>
Intersegment elimination	(581)	(782)	(451)	-	(1,814)
<b>Total revenue</b>	<b>4,065</b>	<b>5,327</b>	<b>3,788</b>	<b>-</b>	<b>13,180</b>
<b>Segment Result</b>					
Other income	-	95	117	-	212
Depreciation and amortisation	-	(508)	(126)	-	(634)
Finance costs	(13)	(196)	-	-	(209)
<b>Net Profit/(Loss) before income tax per the Statement of Comprehensive Income</b>	<b>(1,000)</b>	<b>(199)</b>	<b>538</b>	<b>-</b>	<b>(661)</b>
<b>Segment Assets</b>	<b>2,344</b>	<b>27,425</b>	<b>4,143</b>	<b>-</b>	<b>33,912</b>
Intersegment eliminations	(42)	(15,522)	(123)	-	(15,687)
<b>Total assets per the Statement of Financial Position</b>	<b>2,302</b>	<b>11,903</b>	<b>4,020</b>	<b>-</b>	<b>18,225</b>

**Compumedics Limited**  
**Notes to the consolidated financial statements**  
**for the half-year ended 31 December 2012**

**Half-year ended 31 December 2011**

	Continuing operations				Total
	USA	Australia and Asia Pacific	Europe	Other	
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>					
Sales to external customers	6,094	5,481	3,210	-	14,785
Intersegment sales	480	948	111	-	1,539
Other intersegment revenue	-	39	523	-	562
<b>Total segment revenue</b>	<b>6,574</b>	<b>6,468</b>	<b>3,844</b>	<b>-</b>	<b>16,886</b>
Intersegment elimination	(480)	(987)	(634)	-	(2,101)
<b>Total revenue</b>	<b>6,094</b>	<b>5,481</b>	<b>3,210</b>	<b>-</b>	<b>14,785</b>
<b>Segment Result</b>	<b>(261)</b>	<b>1,025</b>	<b>14</b>	<b>-</b>	<b>778</b>
Other income	-	-	-	93	93
Depreciation and amortisation	(11)	(372)	(85)	-	(468)
Finance costs	(26)	(192)	(41)	-	(259)
<b>Net Profit/(Loss) before income tax per the Statement of Comprehensive Income</b>	<b>(298)</b>	<b>462</b>	<b>(113)</b>	<b>93</b>	<b>144</b>
<b>Segment assets</b>	<b>3,726</b>	<b>30,452</b>	<b>4,342</b>	<b>-</b>	<b>38,520</b>
Intersegment eliminations	(52)	(15,181)	(57)	-	(15,290)
<b>Total assets per the Statement of Financial Position</b>	<b>3,674</b>	<b>15,271</b>	<b>4,285</b>	<b>-</b>	<b>23,230</b>

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**Compumedics Limited**  
**Notes to the consolidated financial statements**  
**for the half-year ended 31 December 2012**

**Note 3. Other expenses**

On 1 January 2011 the Company reviewed its accounting policy in relation to the translation of intercompany loans to its offshore subsidiaries such that these loans were considered part of the investment in the subsidiary. As a consequence currency gains and losses arising on these loans have been taken to the Foreign Currency Translation Reserve (FCTR) effective 1<sup>st</sup> January 2011. The unrealised foreign exchange gain in the half-year to 31 December 2012 relates to trading activities in the Australian legal entity that are not hedged.

**Note 4. Intangible assets**

	<b>31 Dec 12</b>	<b>30 Jun 12</b>
	<b>\$'000</b>	<b>\$'000</b>
Intangible asset	3,776	4,031

Intangible assets comprise capitalised development costs associated with the SomniLink® SPAP® sleep-treatment device. No development costs were capitalised in the half-year to 31 December 2012. Amortisation of \$411k is included in the profit and loss for the six months to 31 December 2012. The asset is being amortised over a period of 7 years, through to March 2017.

The Germany-based DWL business capitalised development costs associated with its new Multi-Dop X digital system with Colour Doppler Imaging Module. The amounts capitalised in the current six-month period to 31 December 2012 were \$93k and represents additional development costs of this new device. Sales are expected to commence in the first quarter of calendar 2013 and the intangible assets will be amortised over a 7-year period.

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**Compumedics Limited**  
**Notes to the consolidated financial statements**  
**for the half-year ended 31 December 2012**

**Note 5. Cash, Interest bearing liabilities and cash equivalents**

	<b>31 Dec 12</b> <b>\$'000</b>	<b>30 Jun 12</b> <b>\$'000</b>
Current interest bearing liabilities	2,319	1,989
Non-current interest bearing liabilities	42	93
<b>Total interest bearing liabilities</b>	<b>2,361</b>	<b>2,082</b>
<b>Current interest bearing liabilities comprise:</b>		
Overdraft and trade facility	1,725	1,395
Fixed term commercial loans	500	500
Other – lease commitments	94	94
Total current interest bearing liabilities	2,319	1,989
<b>Cash and cash equivalents</b>		
Cash	1,653	1,099
Overdraft and trade facility	(1,725)	(1,395)
Cash and cash equivalents	(72)	(296)

Interest bearing liabilities comprise a fixed term commercial loan and working capital facilities provided by the Company's bank together with hire purchase facilities totalling \$201k and a \$250k twelve-month commercial loan provided by a non-financial entity.

There were two fixed term commercial loans. The first loan, with an outstanding balance of \$0.25m at 31 December 2012, has been repaid as part of the settlement with BIBBY financial services noted in matters occurring after balance date. The second loan, with an outstanding balance of \$0.25m at 31 December 2012, is repayable at in November 2013, or may be extended by a further twelve-month period to November 2014, subject to mutual consent. The Bankwest trade and overdraft facility of \$1.225m was repaid as part of the BIBBY funding.

The Company reports cash flows back to cash and cash equivalents as noted in the table above, by subtracting overdrafts and other short-term working capital facilities from actual cash held by the Company at reporting date.

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**Compumedics Limited**  
**Notes to the consolidated financial statements**  
**for the half-year ended 31 December 2012**

**Note 6. Commitments**

The company successfully negotiated with its landlord to extend the current lease relating to the premises it occupies in Melbourne by a further 2 years from current lease term. As a consequence the Company has committed to leasing its current premises through to September 2014. The lease commitments payable under the new lease are as follows:

Approximate lease commitments due within one year are \$405k  
Approximate lease commitments due greater than one year are \$270k

**Note 7. Events occurring after reporting date**

The Company has re-financed its working capital facilities with BIBBY Financial Services as of 14<sup>th</sup> February 2012. BIBBY will provide an invoice financing facility to the Company with a facility limit of \$2.5m. The facility was drawn to \$1.225m at settlement and Bankwest facilities totalling \$1.225m were repaid. The Company has received commitments of additional short-term funding from current shareholders and trading partners of the Company as well as being well advanced in implementing a new equity issue. These activities combined will contribute an additional \$0.35m in cash availability to the business in order to assist with clearing the current backlog of sales orders, which is approximately \$7.4m as of 15<sup>th</sup> February 2012.

**Compumedics Limited  
Directors' Declaration  
for the half-year ended 31 December 2012**

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

In the opinion of the directors':

(a) the financial statements and notes set out on pages 9 to 22 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and

(b) there are reasonable grounds to believe that Compumedics Limited will be able to pay its debts as and when they become due and payable.

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



David Burton  
Executive Chairman

Melbourne  
28<sup>th</sup> February 2013

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To the members of Compumedics Limited

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Compumedics Limited, which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Compumedics Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### Independence

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



## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Compumedics Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

## Material uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of matters described in Note 1 'Going Concern' to the financial statements, there is a material uncertainty whether the Company will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.



Ernst & Young



David Petersen  
Partner  
Melbourne  
28 February 2013

**Compumedics Limited**  
**Supplementary Appendix 4D information**  
**for the half-year ended 31 December 2012**

**NTA Backing** *(Appendix 4D item 3)*

	2012	2011
Net tangible asset backing per ordinary share	2.9 cents	5.1 cents

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

Details of dividends/distributions declared or paid during or subsequent to the year ended 31 December 2011 are as follows:

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

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

**NOT APPLICABLE**

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**Compumedics Limited**  
**Supplementary Appendix 4D information**  
**for the half-year ended 31 December 2012**

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

The major impacts to the revenues and expenses of the economic entity in the half-year to 31 December 2012 have already been disclosed elsewhere in this document.

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

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

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

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

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