COMPUMEDICS LIMITED
(ACN 006 854 897)

ASX Half-year information
31 December 2019

Lodged with the ASX under Listing Rule 4.2A.3

This information should be read in conjunction with the 30 June 2019 Annual Report.

Contents

Compupmedics Limited
Half-year ended 31 December 2019
(Previous corresponding period:
Half-year ended 31 December 2018)

Results for Announcement to the Market

				$'000
Revenue from continuing operations *(Appendix 4D item 2.1)*		Down 2% or $402k	to	18,310
Profit before interest and tax (A$'000)		Down 40% or $524k	to	770
Profit after tax attributable to members *(Appendix 4D item 2.2)*		Down 80% or $650k	to	161
Net Profit for the period attributable to members *(Appendix 4D item 2.3)*		Down 80% or $650k	to	161

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

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

n/a

No interim dividend has been declared.

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

The Company took sales orders in the six months to December 31, 2019 of $18.0m, representing a 4% decline over sales orders taken for the prior corresponding period (pcp) of $18.7m. No further MEG sales have been booked and the decline relates primarily to sales orders in the US not being booked as expected. This was advised to the Australian Securities Exchange on January 13, 2020. Since 1st January, 2020, several of those US orders have either come in or are close to being booked.

The Company generated $18.3m in shipped and invoiced revenues from the sale of goods and services, for the six months to December 31, 2019. This represents a 2% decline over shipped and invoiced revenues for the pcp. At 31 December 2019, the Company was holding $8.2m in sales orders to ship, about $0.5m higher than the $7.7m of sales orders on hand at 30 June 2019.

Asia-based revenues, predominantly out of China, continued to grow being 7% higher for shipped and invoiced revenues over the pcp.

USA-based, shipped and invoiced, fell 14% over the pcp, as already noted, due to several sales orders being expected that were delayed, not lost.

Shipped and invoiced revenues generated by the DWL business, based in Germany, were similar to the pcp.

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

Profit after tax for the half-year to 31 December 2019 was $0.2m, compared to $0.8m for the pcp.

The decline in profitability was primarily the margin not booked due to the shortfall in sales, which was further impacted by a softer gross margin at 54% compared to 58% for the pcp offset by lower expenses. The lower margin was a result of a skewing of sales to distributors in H1 FY20, compared to H1 FY19, which typically have lower margins compared to sales directly to customers. As sales to the US are direct the shortfall in sales in the US has impacted overall margins in the first half of the 2020 financial year. Lower expenses were primarily a result of higher capitalisation of MEG and Somfit costs in the period.

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.

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

No dividends were declared or paid in the period.

Net Tangible Asset (NTA) Backing *(Appendix 4D item 3)*

	2019	2018
Net tangible asset backing per ordinary share	8.9 cents	10.8 cents

Net tangible assets of $15.79m divided by issued ordinary shares of 177.163m = 8.9 cents per share

Contents

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 2019 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* and Australian Stock Exchange Listing Rules.

Directors' Report
Interim Report – 31 December 2019

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 2019.

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

Dr. D. Burton
Mr. D. Lawson
Mr. T. Dunn

Review of Operations

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

	6 months ended Dec 2019	6 months ended Dec 2018
Revenues from continuing operations (A$'000)	18,310	18,712
Profit before interest, and tax (A$'000)	770	1,294
Profit for the half-year (A$'000)	161	811
Basic earnings per share (cents)	0.1	0.5
Diluted earnings per share (cents)	0.1	0.5

Business / Product Group Performance

Group net profit after tax for the half-year to 31 December 2019 was $0.2m compared to $0.8m in the pcp. The result primarily reflects, compared to the pcp, decline in revenues (down 2%), with a corresponding decline in gross margin from 58% to 54%, offset by a decrease in expenses (down $0.3m). The expenses were lower as more expense in the period was booked to intangible assets related to both the MEG and Somfit projects. In addition, tax expense was higher in the period.

The Group continues to focus on the identified growth opportunities and will pursue these in conjunction with productivity gains and cost reductions and/or efficiencies in order to continue to grow the earnings of the Group.

The Group's key financial metrics over the half-year to 31 December 2019 included:

- EBITDA for the half year to 31 December 2019 was $1.2m compared to $1.5m in the prior corresponding period, primarily as a result of the short fall in US sales.
- Operating cash flows were positive $2.0m for the half-year to 31 December 2019, compared to $2.0m in the half-year to 31 December 2018
- Borrowings, at 31 December 2019, of $1.8m were slightly higher when compared to the $1.6m of borrowings at 30th June 2019
- Cash on hand at 31 December 2019 was $3.3m, which compared to the balance at 30th June 2019 of $4.6m. Cash was down primarily due to one distributor in China, who was subject to a customs audit. This has been completed, and we are working to have these funds remitted.

Explanation of non-IFRS measures of performance

	31 Dec 2019 $'000	**31 Dec 2018 $'000**
Profit after tax	161	811
Tax expense	471	357
Interest expense	138	126
Earnings before interest and tax (EBIT)	770	1,294
Depreciation	286	140
Amortisation	99*	107
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1,155	1,541

* Amortisation is adjusted for $441k being the amortisation of the Right-to-Use Lease asset

The Group's 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

There are no matters subsequent to half-year end that would materially impact the financial information provided.

Auditor's Independence Declaration

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

Rounding of amounts

Compumedics Limited is a type of company referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2019/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest $1,000, or in certain cases, to the nearest dollar.

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

D. Burton
Executive Chairman

Melbourne
28 February 2020

Nexia Australia

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF COMPUMEDICS LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2019 there has been:

a. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and

b. no contraventions of any applicable code of professional conduct in relation to the review.

Nexia

C Wehrens.

Nexia Melbourne Audit Pty Ltd
Melbourne

Andrew S. Wehrens
Director

Dated this 28th day of February 2020

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Compumedics Limited
Consolidated statement of profit or loss and other comprehensive income
for the half-year ended 31 December 2019

	Notes	Half-year 2019 $'000	Half-year 2018 $'000
Sale of goods		16,692	16,693
Rendering of services		1,618	2,019
Revenue		**18,310**	**18,712**
Cost of sales		(8,419)	(7,849)
Gross profit		**9,891**	**10,863**
Other revenue		206	108
Administration		(3,079)	(2,831)
Sales & Marketing		(4,135)	(4,094)
Research & Development		(2,103)	(2,871)
Unrealised foreign exchange gain / (loss)		(10)	119
Finance costs		(138)	(126)
Profit before income tax		**632**	**1,168**
Income tax expense		(471)	(357)
Profit after income tax		**161**	**811**
Net profit for the period		**161**	**811**
Other comprehensive income			
Items that may be subsequently reclassified to Profit or Loss when specific conditions are met**:**			
Foreign currency translation		189	225
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**350**	**1,036**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Compumedics Limited
Consolidated statement of profit or loss and comprehensive income
for the half-year ended 31 December 2019

	Notes	Half-year 2019 $'000	Half-year 2018 $'000
Earnings per share for profit attributable to the ordinary equity holders of the parent:		Cents	Cents
Basic earnings per share		0.1	0.5
Diluted earnings per share		0.1	0.5

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Compumedics Limited
Consolidated statement of financial position
as at 31 December 2019

	Notes	31 Dec 2019 $'000	30 June 2019 $'000
ASSETS			
Current assets			
Cash and cash equivalents	4	3,349	4,599
Trade and other receivables		17,304	17,817
Inventories		7,469	7,798
Total current assets		**28,122**	**30,214**
Non-current assets			
Right-of-Use Asset	5	2,060	-
Property, plant and equipment		1,531	1,652
Intangible assets	3	9,695	6,795
Total non-current assets		**13,286**	**8,447**
Total assets		**41,408**	**38,661**
LIABILITIES			
Current Liabilities			
Trade and other payables		3,723	4,386
Borrowings	4	1,759	1,570
Lease liabilities	5	898	-
Provisions		2,877	2,850
Deferred income		1,554	1,376
Income tax payable		125	12
Total current liabilities		**10,936**	**10,194**
Non-current liabilities			
Lease liabilities	5	1,290	-
Borrowings	4	18	23
Deferred tax liabilities		1,319	997
Provisions		28	14
Deferred income		272	116
Total non-current liabilities		**2,927**	**1,150**
Total liabilities		**13,863**	**11,344**
Net assets		**27,545**	**27,317**
EQUITY			
Contributed equity		35,654	35,654
Reserves		(84)	(273)
Accumulated losses		(8,025)	(8,064)
Total equity		**27,545**	**27,317**

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 2019

	Contributed equity $'000	Reserves $'000	Retained earnings / (losses) $'000	Total $'000
Balance at 1 July 2018	**35,654**	**(414)**	**(12,080)**	**23,160**
Profit for the period	-	-	811	811
Other comprehensive income	-	225	-	225
Total comprehensive income for the half year	**-**	**225**	**811**	**1,036**
Transactions with owners in their capacity as owners:				
Shares issued during the period	-	-	-	-
Balance at 31 December 2018	**35,654**	**(189)**	**(11,269)**	**24,196**
Balance at 1 July 2019	**35,654**	**(273)**	**(8,064)**	**27,317**
Restatement due to adoption of AASB 16	-	-	(122)	(122)
Balance at 1 July 2019, restated	35,654	(273)	(8,186)	27,195
Profit for the period	-	-	161	161
Other comprehensive income	-	189	-	189
Total comprehensive income for the half year	**-**	**189**	**161**	**350**
Transactions with owners in their capacity as owners:				
Shares issued during the period	-	-	-	-
Balance at 31 December 2019	**35,654**	**(84)**	**(8,025)**	**27,545**

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

Compumedics Limited
Consolidated statement of cash flows
for the half-year ended 31 December 2019

	Notes	Half-year 2019 $'000	Half-year 2018 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		18,916	20,781
Payments to suppliers and employees (inclusive of goods and services tax)		(16,993)	(18,764)
Receipts from other income		206	108
Income tax paid		-	(26)
Interest paid (net of interest received)		(129)	(124)
Net cash inflow / (outflow) from operating activities		**2,000**	**1,975**
Cash flows from investing activities			
Purchase of property, plant and equipment		(162)	(344)
Purchase of intangible assets		(2,998)	(1,082)
Net cash inflow / (outflow) from investing activities		**(3,160)**	**(1,426)**
Cash flows from financing activities			
Contributed equity		-	-
Repayments of finance leases		(508)	(1)
Proceeds from borrowings		546	-
Repayment of borrowings		(191)	(119)
Net cash inflow / (outflow) from financing activities		**(150)**	**(120)**
Net increase / (decrease) in cash held		**(1,310)**	**429**
Cash and cash equivalents at the beginning of the period		4,371	3,200
Net foreign exchange differences		5	137
Cash and cash equivalents at the end of the period	4	**3,066**	**3,766**

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

1 Basis of preparation and accounting policies

(a) Basis of preparation

The general purpose condensed financial report for the half-year ended 31 December 2019 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 2019 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* and Australian Stock Exchange Listing Rules.

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 2019, and other standards issued as of 1 July 2019 or effective as of 31 December 2019 do not have a significant impact on the consolidated financial statements of Compumedics Limited unless otherwise stated.

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

(b) Going Concern assumption

During the half-year ended 31 December 2019, the Group generated a profit after tax of $0.2m and $2.0m of cash flows from operations. In the corresponding prior half-year, the Group generated a profit after tax of $0.8m and cash flows from operations of $2.0m.

The Group's net cash position (cash less borrowings) at 31 December 2019 was $1.6m, compared to 31 December 2018 at $2.5m. This was largely a result of timing of payments out of China.

As such, the Directors have prepared the financial statements on a going-concern basis.

(c) New and revised Accounting Standards

Amendments to Accounting Standards and new interpretations that are mandatorily effective for the current reporting period

Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Leases - continued

The Group as lessee - continued

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used) .
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right- of-use asset, unless those costs are incurred to produce inventories.

Leases - continued

The Group as lessee - continued

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy (as outlined in the financial report for the annual reporting period.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

As a practical expedient, AASB 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

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.

Note 2. Operating segment - continued

Identification of reportable segments - continued

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 Americas 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 principal 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 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 2019 and 31 December 2018.

Note 2. Operating segment - continued

Identification of reportable segments - continued

Half-year ended 31 December 2019

	Continuing operations				
	USA	**Australia and Asia Pacific**	**Europe**	**Other**	**Total**
	$'000	$'000	$'000	$'000	$'000
Revenue					
Sales to external customers	6,263	8,020	4,027	-	18,310
Intersegment sales	317	2,026	402	-	2,745
Other intersegment revenue	257	-	793	-	1,050
Total segment revenue	**6,837**	**10,046**	**5,222**	**-**	**22,105**
Intersegment elimination	(574)	(2,026)	(1,195)	-	(3,795)
Total revenue	**6,263**	**8,020**	**4,027**	**-**	**18,310**
Segment Result	**728**	**967**	**(99)**	**-**	**1,596**
Other income					
Depreciation and amortisation	(94)	(575)	(157)	-	(826)
Finance costs	-	(124)	(14)	-	(138)
Net profit or (loss) before income tax per the statement of profit or loss and other comprehensive income	**634**	**268**	**(270)**	**-**	**632**
Segment Assets	**8,252**	**57,100**	**5,909**	**-**	**71,261**
Intersegment eliminations	-	(29,853)	-	-	(29,853)
Total assets per the Statement of Financial Position	**8,252**	**27,247**	**5,909**	**-**	**41,408**

Half-year ended 31 December 2018

	Continuing operations				
	USA	**Australia and Asia Pacific**	**Europe**	**Other**	**Total**
	$'000	$'000	$'000	$'000	$'000
Revenue					
Sales to external customers	7,135	7,296	4,281	-	18,712
Intersegment sales	316	1,850	341	-	2,507
Other intersegment revenue	-	-	200	-	200
Total segment revenue	**7,451**	**9,146**	**4,822**	**-**	**21,419**
Intersegment elimination	(316)	(1,850)	(541)	-	(2,707)
Total revenue	**7,135**	**7,296**	**4,281**	**-**	**18,712**
Segment Result	**873**	**912**	**(244)**	**-**	**1,541**
Other income					
Depreciation and amortisation	(54)	(30)	(163)	-	(247)
Finance costs	(13)	(90)	(23)	-	(126)
Net profit or (loss) before income tax per the statement of profit or loss and other comprehensive income	**806**	**792**	**(430)**	**-**	**1,168**
Segment assets	**7,330**	**51,500**	**2,391**	**-**	**61,221**
Intersegment eliminations	-	(26,986)	-	-	(26,986)
Total assets per the Statement of Financial Position	**7,330**	**24,514**	**2,391**	**-**	**34,235**

Note 3. Intangible assets

	31 Dec 19 $'000	30 Jun 19 $'000
Intangible asset	9,695	6,795

Intangible assets comprise capitalised development costs associated with the MEG project and the Somfit® device. Development costs of $3.0m were capitalised in the half-year to 31 December 2019 for the MEG project and the Somfit® project. This included USD0.5m, which was the final amount owing to KRISS in relation to the up-front licence fee for the MEG technology. No amortisation charge is included in the profit and loss for the six months to 31 December 2019. The MEG asset will be amortised over a 10-year period commencing with the completion of the installation of the first sale, expected in H2 FY2020. The Somfit® asset will be amortised over a 7-year period, commencing with the first commercial transaction, expected in calendar 2020.

The Germany-based DWL business capitalises development costs associated with its new Multi-Dop X digital system with Colour Doppler Imaging Module. No additional costs were capitalised in the current period. Amortisation of $91k is included in the profit and loss for the six months to 31 December 2019. Sales commenced during the 2015 financial year and the intangible assets will be amortised over a 7-year period.

Note 4. Cash, Interest bearing liabilities and cash equivalents

	31 Dec 19 $'000	**30 Jun 19 $'000**
Current interest-bearing liabilities	1,759	1,570
Non-current interest-bearing liabilities	18	23
Total interest bearing liabilities	**1,777**	**1,593**
Current interest bearing liabilities comprise:		
Invoice financing facility / Overdraft	283	227
Fixed term borrowings	1,476	1,331
Other – lease commitments	18	12
Total current interest bearing liabilities	1,777	1,570
Cash and cash equivalents		
Cash	3,349	4,599
Overdraft and trade facility	(283)	(228)
Cash and cash equivalents	**3,066**	**4,371**

Note 4. Cash, Interest bearing liabilities and cash equivalents (continued)

Interest bearing liabilities comprise primarily an invoice financing facility provided by the Group's bank in Australia and the US, as well as an overdraft facility in DWL Germany and a new working capital facility. The Company also has a trade facility with its bank in Australia specifically to fund the purchasing requirements of the MEG system. The repayments due on this facility are tied to payments from the customer once the product is delivered. Currently the repayments are scheduled for April and June 2020 but are subject to renegotiation to March 2021.

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

Note 5. Lease Liabilities and Right-of-use Assets

The Group has lease liabilities relating primarily to the offices it runs the business from in Melbourne, Charlotte, Singen, Hamburg and El Paso. Additional lease liabilities included below relate to cars and office equipment in the DWL business in Germany. The total lease liabilities are:

Current lease liabilities are $898k.
Non-current lease liabilities are $1,290k.

Approximately 90% of the lease liabilities that are non-current relate to the properties the business operates from. The underlying contracts for these properties have expiry dates from late 2021 through 2023.

A right-to-use assets have been booked on take up of the total lease liabilities. The initial take up amount was $2,502k at 1st July 2019. In the six months to December 31, 2019 an amortisation charge against this asset was booked to income of $441k. An interest charge of $73k was also booked to income in relation to the lease liabilities for the six-month period to December 31, 2019.

Note 6. Events occurring after reporting date

There are no matters subsequent to half-year end that would materially impact the financial information provided.

Compumedics Limited
Directors' Declaration
for the half-year ended 31 December 2019

In accordance with a resolution of the Directors of Compumedics Limited, we 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 2019 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 February 2020

INDEPENDENT AUDITOR'S REVIEW REPORT
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 condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated 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.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity 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 control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and 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 2019 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, 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 confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the consolidated entity, as at the date of this auditor's review report.

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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 2019 and of its performance for the half-year ended on that date; and

b. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Nexia

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Nexia Melbourne Audit Pty Ltd
Melbourne

Andrew S. Wehrens
Director

Dated this 28th day of February 2020

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

Details of dividends/distributions declared or paid during or subsequent to the year ended 31 December 2019 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

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 2019 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.

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.