

# **COMPUMEDICS LIMITED**

(ACN 006 854 897)

## **ASX final report – 30 June 2015**

Lodged with the ASX under Listing Rule 4.3A

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**Compumedics Limited**  
**Financial Report**  
**Year ended 30 June 2015**  
**Results for Announcement to the Market**

			<b>\$'000</b>
<b>Revenue</b> from ordinary activities <i>(Appendix 4E item 2.1)</i>	Up 9% or 2,654	to	<b>33,495</b>
<b>Profits</b> before interest, tax, depreciation and amortisation	Up 36% or 1,077	to	<b>4,078</b>
<b>Profits</b> from ordinary activities after tax attributable to members <i>(Appendix 4E item 2.2)</i>	Up 117% or 1,061	to	<b>1,970</b>
<b>Profits</b> for the period attributable to members <i>(Appendix 4E item 2.3)</i>	Up 117% or 1,061	to	<b>1,970</b>

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

**Record date** for determining entitlements to the dividend

n/a

*(Appendix 4E item 2.5)*

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

Group revenues at \$33.5m for the year ended 30 June 2015 were 9% higher than the prior year. The increase in revenues was largely due to growth in our US and China based businesses, with invoiced and shipped sales up 5% and 37% respectively. The DWL business also grew 9% over the prior year, whilst Australia and Europe were in line with the prior year.

The Company booked new sales orders for the year ended 30<sup>th</sup> June 2015 of \$33.5m, growth of 19% compared to new sales orders taken in the 12 months to 30<sup>th</sup> June 2014. Sales order growth was driven out of the US at 16%, Asia, including China 110%, Australia at 6% and Europe at 19%, with DWL also growing sales orders taken by about 10%.

The Company finished the year with sales-orders on-hand of approximately \$5.5m compared to a \$6.0m backlog at the same time last year. Whilst not significantly different from prior years the sales orders on hand at 30 June 2015, reflect a late rush of sales orders received rather than an inability to ship.

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**Explanation of Earnings before interest, tax, depreciation and amortisation (EBITDA)** *(Appendix 4E item 2.6)*

EBITDA further improved over the prior year at \$4.1m for the year ended 30<sup>th</sup> June 2015, compared to the prior year EBITDA result of \$3.0m. This primarily reflects increased shipments plus improvements in margins on the shipments achieved by the Company (54% compared to 53% for the prior year) and on-going expense management.

The EBITDA result attributable to margin improvement for the business reflects the on-going outcomes of the cost savings and productivity improvements indicated to market previously, particularly as it relates to the manufacturing activities of the Company.

The Company has and continues to move through a systematic review of its manufacturing and purchasing operations in Australia and has successfully completed the movement of its neurological cap production to Asia. The Company is continuing to assess the most economic way to outsource its purchasing and production of its main system units, with decisions to be taken on this in the first half of FY2016 and the incremental savings beginning to occur in the second half of FY2016.

During the year ended 30 June 2015 the Company did capitalise some additional development costs associated with its SomniLink® SPAP® sleep-treatment technology. The intangible asset carrying value at 30 June 2015 was \$2.2m. As the Company has continued to ship small commercial quantities of the SomniLink® SPAP® the Company has continued to amortise the intangible asset during the 2015 financial year, booking a \$0.9m charge in the financial year.

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**Explanation of Profit from ordinary activities after tax** *(Appendix 4E item 2.6)*

Profits from ordinary activities after tax at \$2.0m for the year ended 30 June 2015 were a significant improvement from the \$0.9m profit recorded for the prior year.

The Company booked financing charges of \$0.7m and depreciation and amortisation of \$1.4m for the year ended 30<sup>th</sup> June 2015.

Apart from these charges the above explanation for the EBITDA result for the year ended 30<sup>th</sup> June 2015 reflects the underlying operational impacts on earnings for the full year over the prior year.

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

No dividends have been declared or paid in the period.

**Net Tangible Asset Backing** *(Appendix 4E item 9)*

	2015	2014
Net tangible asset backing per ordinary share	5.2 cents	3.8 cents

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**Compumedics Limited**  
**Consolidated statement of profit or loss and other**  
**comprehensive income**  
**for the year ended 30 June 2015**

	2015 \$'000	2014 \$'000
<b>Revenue from continuing operations</b>	<b>33,495</b>	<b>30,841</b>
Other income	767	901
Cost of sales	(15,453)	(14,554)
Administration	(4,797)	(4,584)
Sales & Marketing	(6,801)	(5,844)
Research & Development	(4,757)	(5,158)
Finance costs	(675)	(611)
Net foreign exchange gain / (Loss)	232	(19)
<b>Profit before income tax</b>	<b>2,011</b>	<b>972</b>
Income tax expense	(41)	(63)
<b>Profit for the full year</b>	<b>1,970</b>	<b>909</b>
Profit attributable to members of Compumedics Limited	1,970	909
<b>Net Profit for the period</b>	<b>1,970</b>	<b>909</b>
<b>Other comprehensive income / (loss)</b>		
Items that may be subsequently reclassified to Profit or Loss when specific conditions are met:		
Foreign currency translation	136	(115)
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	<b>2,106</b>	<b>794</b>
<b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents):</b>		
Basic earnings per share	1.2	0.5
Diluted earnings per share	1.2	0.5

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

**Compumedics Limited**  
**Consolidated statement of financial position**  
**as at 30 June 2015**

	2015 \$'000	2014 \$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,230	1,054
Receivables	9,758	8,552
Inventories	5,719	6,145
Other	501	197
<b>Total current assets</b>	<b>18,208</b>	<b>15,948</b>
<b>Non current assets</b>		
Property, plant and equipment	797	672
Intangible assets	2,670	2,902
<b>Non current assets</b>	<b>3,467</b>	<b>3,574</b>
<b>Total assets</b>	<b>21,675</b>	<b>19,522</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	4,172	4,601
Borrowings	2,002	2,018
Provisions	2,585	2,310
Income tax payable	60	39
Deferred revenue	1,388	1,276
<b>Total current liabilities</b>	<b>10,207</b>	<b>10,244</b>
<b>Non-current liabilities</b>		
Borrowings	-	-
Provisions	11	31
Deferred revenues	189	85
<b>Total non-current liabilities</b>	<b>200</b>	<b>116</b>
<b>Total liabilities</b>	<b>10,407</b>	<b>10,360</b>
<b>Net assets</b>	<b>11,268</b>	<b>9,162</b>
<b>EQUITY</b>		
Contributed equity	31,269	31,269
Reserves	(559)	(695)
Retained losses	(19,442)	(21,412)
<b>Total equity</b>	<b>11,268</b>	<b>9,162</b>

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

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**Compumedics Limited**  
**Consolidated statement of changes in equity**  
**for the full year ended 30 June 2015**

	Contributed equity \$,000	Reserves \$,000	Retained Earnings \$,000	Total \$'000
<b>Balance at 1 July 2013</b>	<b>31,269</b>	<b>(580)</b>	<b>(22,321)</b>	<b>8,368</b>
Profit for the period	-	-	909	909
Other comprehensive income / (loss)	-	(115)	-	(115)
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>(115)</b>	<b>909</b>	<b>794</b>
<b>Transactions with owners in their capacity as owners:</b>				
New shares issued	-	-	-	-
<b>Balance at 30 June 2014</b>	<b>31,269</b>	<b>(695)</b>	<b>(21,412)</b>	<b>9,162</b>
<b>Balance at 1 July 2014</b>	<b>31,269</b>	<b>(695)</b>	<b>(21,412)</b>	<b>9,162</b>
Profit for the period	-	-	1,970	1,970
Other comprehensive income	-	136	-	136
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>136</b>	<b>1,970</b>	<b>2,106</b>
<b>Transactions with owners in their capacity as owners:</b>				
New shares issued	-	-	-	-
<b>Balance at 30 June 2015</b>	<b>31,269</b>	<b>(559)</b>	<b>(19,442)</b>	<b>11,268</b>

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

**Compumedics Limited**  
**Consolidated statement of cashflows**  
**for the year ended 30 June 2015**

	2015 \$'000	2014 \$'000
<b>Cash flow from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	32,721	31,564
Payments to suppliers and employees (inclusive of goods and services tax)	(30,603)	(30,959)
Interest and other costs of finance paid	(675)	(611)
Income tax paid	(12)	(212)
Receipts from grants and other income	771	904
<b>Net cash inflow from operating activities</b>	<b>5</b>	<b>686</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(393)	(285)
Payments for intangible assets	(887)	(415)
<b>Net cash outflow from investing activities</b>	<b>(1,280)</b>	<b>(700)</b>
<b>Cash Flows from financing activities</b>		
Proceeds from borrowings	1,316	506
Repayment of borrowings	(782)	(706)
Proceeds from equity	-	-
<b>Net cash inflow/(outflow) from financing activities</b>	<b>534</b>	<b>(200)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,456</b>	<b>(214)</b>
Cash and cash equivalents at the beginning of the year	(319)	(105)
Effects of exchange rate changes on cash	213	-
<b>Cash and cash equivalents at the end of the financial year</b>	<b>1,350</b>	<b>(319)</b>
<b>This is represented by:</b>		
Cash Assets	2,230	1,054
BIBBY invoice facility (Interest bearing liabilities)	(880)	(1,373)
<b>Net Cash</b>	<b>1,350</b>	<b>(319)</b>

The above consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

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**Compumedics Limited**  
**Notes to the consolidated financial statements**  
**for the year ended 30 June 2015**

**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 periods presented, unless otherwise stated.

**(a) Basis of preparation of consolidated financial report**

This preliminary consolidated 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.

This preliminary consolidated financial report for the year ended 30 June 2015 does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by Compumedics Limited during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001 and Australian Stock Exchange Listing Rules.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of Compumedics Limited comply with International Financial Reporting Standards (IFRS).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical accounting estimates

The preparation of 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.

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.

**Compumedics Limited**  
**Notes to the consolidated financial statements**  
**for the year ended 30 June 2015**

**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 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.

**Compumedics Limited**  
**Notes to the consolidated financial statements**  
**for the year ended 30 June 2015**

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

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 years ended 30 June 2015 and 30 June 2014.

**Operating Segment**  
**For the year ended 30 June 2015**

<b>\$'000</b>	<b>USA</b>	<b>Australia and Asia Pacific</b>	<b>Europe</b>	<b>Group</b>
Sales to external customers	10,715	14,171	8,609	33,495
Intersegment other revenues	1,190	4,194	491	5,875
Intersegment sales	-	88	1,379	1,467
<b>Total segment revenue</b>	<b>11,905</b>	<b>18,453</b>	<b>10,479</b>	<b>40,837</b>
Inter-segment elimination	(1,190)	(4,282)	(1,870)	(7,342)
<b>Total revenue per the Statement of Comprehensive Income</b>	<b>10,715</b>	<b>14,171</b>	<b>8,609</b>	<b>33,495</b>
<b>Segment result</b>	<b>(1,086)</b>	<b>4,208</b>	<b>956</b>	<b>4,078</b>
Depreciation and amortisation				(1,392)
Finance cost				(675)
<b>Other income</b>				-
<b>Net profit before income tax per the Statement of Comprehensive Income</b>				<b>2,011</b>
<b>Segment assets</b>				
Operating assets	5,091	35,159	6,076	46,326
Intersegment eliminations	(9)	(24,578)	(64)	(24,651)
<b>Total assets from continuing operations per the Statement of Financial Position</b>	<b>5,082</b>	<b>10,581</b>	<b>6,012</b>	<b>21,675</b>

**Compumedics Limited**  
**Notes to the consolidated financial statements**  
**for the year ended 30 June 2015**

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

**Operating Segment**  
**For the year ended 30 June 2014**

<b>\$'000</b>	<b>USA</b>	<b>Australia and Asia Pacific</b>	<b>Europe</b>	<b>Group</b>
Sales to external customers	9,523	11,808	9,510	30,841
Other revenues	-	91	1,100	1,191
Intersegment sales	610	1,719	95	2,424
<b>Total segment revenue</b>	<b>10,133</b>	<b>13,618</b>	<b>10,705</b>	<b>34,456</b>
Inter-segment elimination	(610)	(1,810)	(1,195)	(3,615)
<b>Total revenue per the Statement of Comprehensive Income</b>	<b>9,523</b>	<b>11,808</b>	<b>9,510</b>	<b>30,841</b>
<b>Segment result</b>	<b>(775)</b>	<b>1,775</b>	<b>1,101</b>	<b>2,101</b>
Depreciation and amortisation				(1,419)
Finance costs				(611)
<b>Other income</b>				<b>901</b>
<b>Net loss before income tax per the Statement of Comprehensive Income</b>				<b>972</b>
<b>Segment assets</b>				
Operating assets	3,156	29,101	5,660	37,917
Intersegment eliminations	(10)	(18,327)	(59)	(18,396)
<b>Total assets from continuing operations per the Statement of Financial Position</b>	<b>3,146</b>	<b>10,774</b>	<b>5,601</b>	<b>19,521</b>

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**Notes to the consolidated financial statements**  
**for the year ended 30 June 2015**

**Note 3. Dividends** (Appendix 4E, Item 7)

No dividend has been declared or paid in the current or prior period

**Dividend/distribution reinvestment plans** *(Appendix 4E item8)*  
**NOT APPLICABLE**

**Note 4. Events occurring after reporting date**

The company is not aware of any material matters that would impact the financial performance of the company at this time.

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**Compumedics Limited**  
**Notes to the consolidated financial statements**  
**for the year ended 30 June 2015**

**Note 5 - Reconciliation of profit after income tax to net cash flow from operating activities**

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit/ (Loss) for the year	1,970	909
Depreciation & amortisation	1,392	1,419
Net exchange differences	(442)	(496)
<b>Change in operating assets and liabilities</b>		
Increase in receivables	(1,206)	(446)
(Increase) Decrease in inventories	425	(647)
(Decrease) Increase in payables	(429)	1
Increase in deferred revenues	216	5
Increase (Decrease) in tax provisions	21	(143)
Increase in other provisions	255	84
<b>Net cash inflow from operating activities</b>	<b>2,202</b>	<b>686</b>

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**Compumedics Limited**  
**Supplementary Appendix 4E information**  
**for the year ended 30 June 2015**

**Net Tangible Asset Backing** *(Appendix 4E item 9)*

	2015	2014
Net tangible asset backing per ordinary share	5.2 cents	3.8 cents

**Controlled entities acquired or disposed of** *(Appendix 4E item 10)*

No control was gained over any new entities nor control lost over any existing entities of the group.

**Associates and Joint Venture entities** *(Appendix 4E item 11)*

The company has no interest in any joint ventures at the date of this report.

**Commentary on results** *(Appendix 4E item 14)*

***Earnings per share***

Earnings per share have increased with the underlying improvement in earnings for the Company, as already discussed.

***Returns to shareholders***

As per earnings per share commentary.

***Significant features of operating performance***

Comments already noted.

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**Supplementary Appendix 4E information**  
**for the year ended 30 June 2015**

**Results of segments**

Primary Segments:

The primary business sectors reflect the main geographical markets the business operates in. As already discussed the US, Asian and European, excluding German sleep diagnostics, businesses have grown, with Australia stable.

**Trends in performance**

The primary focus of the Company will be ensure the sales-order momentum evident in the financial year to 30<sup>th</sup> June 2015 is not only maintained but built upon to further grow revenues and underlying profitability.

**Other factors that affected results in the period or which are likely to affect results in the future**

All material matters have been discussed.

**Foreign Accounting standards** *(Appendix 4E item 13)*

Not applicable.

**Audit** *(Appendix 4E items 15 - 17)*

This report is based on accounts that are in the process of being audited.

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