



## Directors' Report

Your directors present their report on the consolidated entity consisting of Compumedics Limited and the entities it controlled at the end of, or during the half-year ended 31 December 2002.

### Directors

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

D. Burton  
 K. Koike  
 J. Dyson  
 A. Anderson  
 G. Mitchell

### Review of Operations

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

	6 mths ended Dec 2002	6 mths ended Dec 2001	Change %
Operating Revenue (A\$'000)	16,504	9,058	82%
Total Revenue (A\$'000)	16,709	9,159	80%
Earnings before Interest, Tax, Depreciation and Amortisation (A\$'000)	1,445	1,450	<4.3>%%
Earnings before Interest and Tax (A\$'000)	178	651	<73>%
Profit After Tax (A\$'000)	24	310	<92>%
Earnings Per Share (cents)	0.02¢	0.25¢	<91>%
Earnings Per Share (adjusted for amortisation of intellectual property acquired (cents)	0.45¢	0.48¢	<4.2>%

Comments on the operations are as follows:

### **Regional Performance**

#### **USA**

The USA direct business grew by 194% over the same period last year from \$3.3m to \$9.6m. Excluding the Neuroscan acquisition the US direct sleep business grew over 80% compared to the same period last year to \$5.9m in the current period.

The strong performance in the US market reflects the strength of Compumedics' core sleep business and in particular the success of moving completely to a direct sales force in that market and gaining access to the much larger US hospital diagnostic market.

This success has been complemented by the continued success of Neuroscan's US business and in particular the strength of its research business in that market.

#### **Asia Pacific**

The Asia Pacific business grew by over 57% compared to the same period last year to \$5.4m revenue. The Neuroscan business contributed strongly to the region with sales of \$2.5m. This offset slower growth in Compumedics core sleep business in the region during the reporting period.

#### **Europe**

Europe provides Compumedics with its greatest short to mid-term growth opportunity for the core business with revenues declining 29% from \$1.3m to \$1.0m over the previous corresponding period.

The future European growth opportunity is attributed to the new and corrected European distribution channels.

#### **Rounding of amounts to nearest thousand dollars**

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 February 2003