

# 'Defining *life's* signals'



> SLEEP DIAGNOSTICS

> NEURO DIAGNOSTICS

> BRAIN RESEARCH

***Interim Results***  
*6 months ended*  
*31 December 2003*

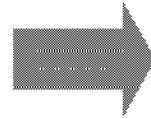


## *Outline*

- Results at 31 December 2003
- Strategy focused and effective
- Future development

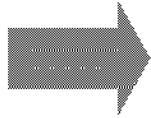
## *Interim results - Key points*

**Record 1H profits after tax at \$1.1m**



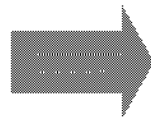
**Focus on operational efficiency plus the benefits of restructuring already incurred lead to improved profits.**

**Record 1H revenues, 5% growth year on year**



**Revenue growth less than previously achieved. Strong results for ROW Sleep up 66%: USA Neuroscan and Neuroscience up 53% and 94% respectively.**

**Record operating and net cash for the 1H**



**Operating cash for 1H was \$1.6m positive compared to \$(1.0)m negative in 1H last period.**

**Debtors days reduced to 86 days 31 December 2003 from 121 days 31 December 2002.**

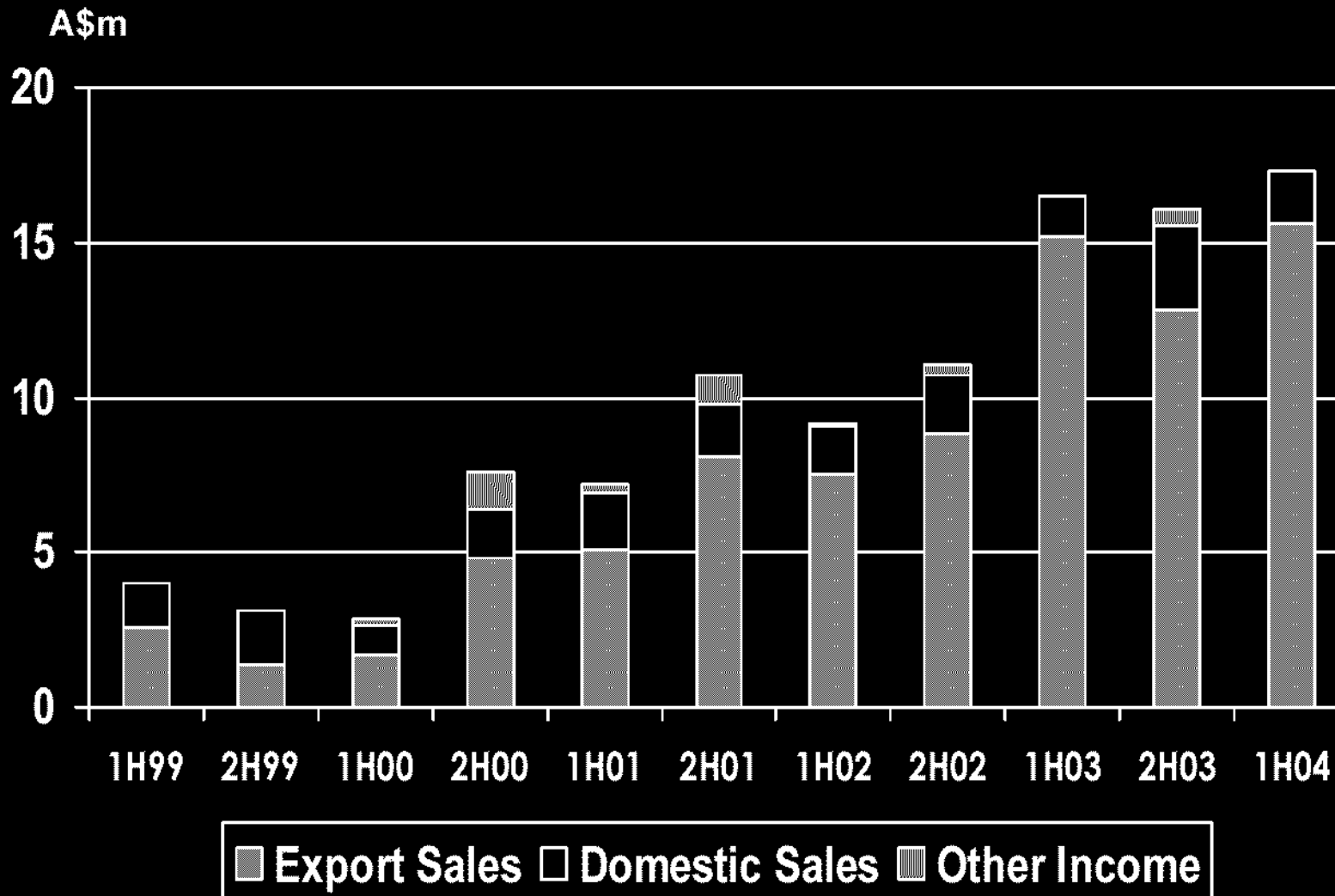
**Remaining Neuroscan acquisition liability refinanced. Repayable over 3 years.**

## ***Key initiatives completed during the 6 months***

- Focus on profitable growth together with the restructuring of the business has resulted in profits and cash for the period.
- Synamp 2 released to US and ROW Markets June 2003 generates \$2.5m in sales in first six months.
- Remaining Neuroscan acquisition liabilities refinanced with ANZ Bank, December 2003. In total a \$1.2m foreign currency gain on the original acquisition cost in Australian dollars has been realised to date.
- Focus on margin improvements through the period.

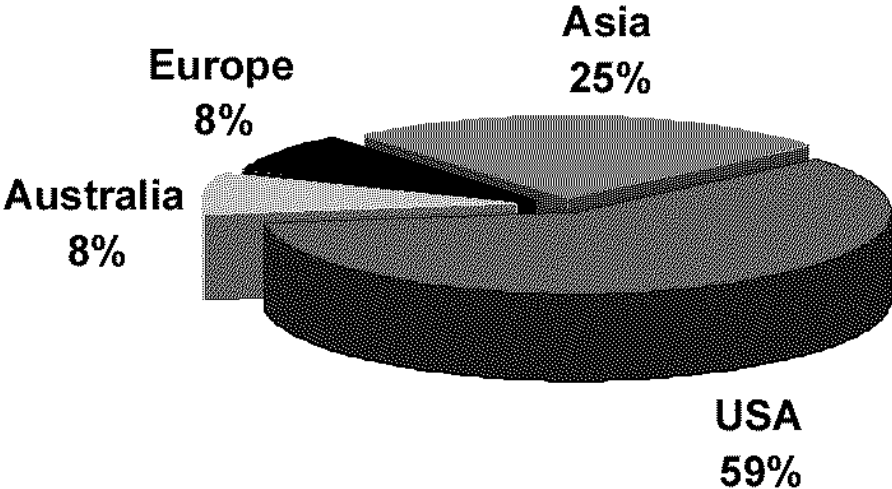
# Historical Sales Graph

Defining Life's Signals

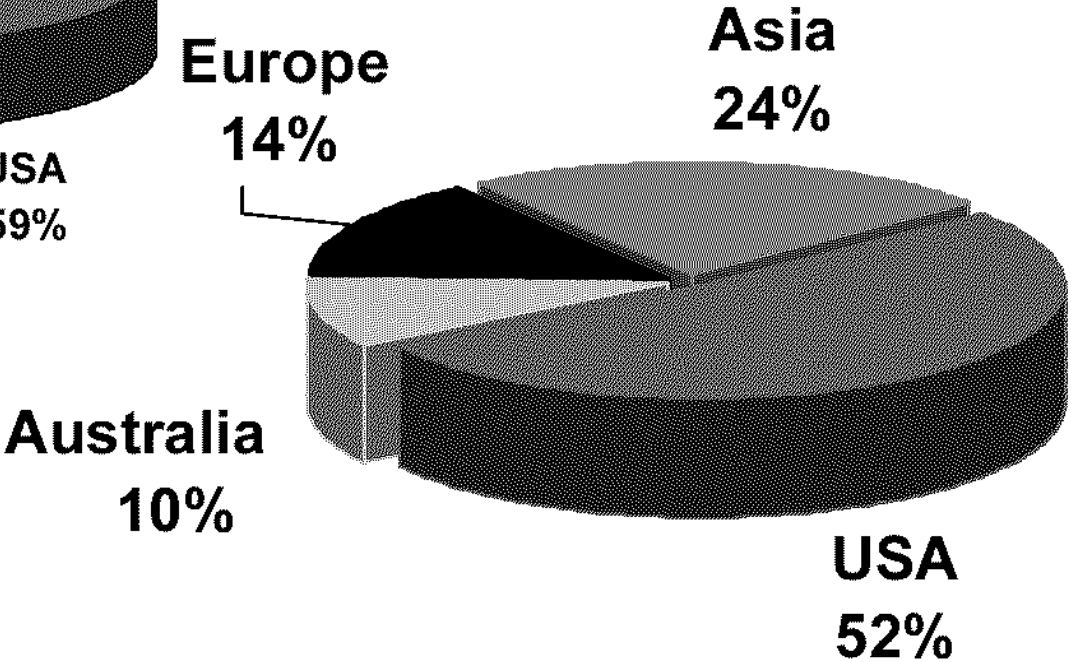


# Regional sales

2003



2004





# A Big Market to Grow In



**Estimated global market value = AUD\$1.21 billion**

Compumedics' core sleep diagnostic technology is now being leveraged into the associated fields of neuro diagnostics and brain research. Combined, these markets are more than \$1.2b globally.

**Compumedics' current market share = 3% globally**

Compumedics holds strong domestic market shares in sleep diagnostics and neuro diagnostics at more than 70% and 50% respectively. Globally, our market shares are expanding rapidly but are still relatively small.

\* All market information throughout this report is based on Frost and Sullivan (2001) US Sleep Apnea Diagnostic and Therapeutic Market, Informa International (1996) EEG/EMG/Brain Function Markets - A Global Business Report.



# Performance relative to PCP

\$Am	6 mths to Dec 31 2003	6 mths to Dec 31 2002	Variance	6 mths to June 30, 2003
Operating Revenue	17.3	16.5	5%	15.6
EBIT	1.0	0.2	400%	(0.2)
Profit after Tax	1.1	0.0	n/a	0.1
Gross Margin	59%	50%	9%	53%
PAT/Op. Revenue	6.4%	0%	n/a	0%



## Balance Sheet relative to PCP

	Dec 2003 A\$'000	June 2003 A\$'000	Dec 2002 A\$'000
<b>Current Assets</b>			
Cash	6,396	5,366	5,635
Receivables	7,682	8,624	10,896
Inventory	7,523	8,416	8,436
Other	<u>76</u>	<u>180</u>	<u>99</u>
<b>Total</b>	<b>21,677</b>	<b>22,586</b>	<b>25,066</b>
<b>Non current assets</b>			
Property, Plant and Equipment	954	1,176	1,257
Intangibles	-	-	16,842
<b>Total assets</b>	<b><u>22,631</u></b>	<b><u>23,762</u></b>	<b><u>43,165</u></b>
<b>Current liabilities</b>			
Payables	3,242	4,578	3,668
Borrowings	2,753	4,729	5,293
Provisions	742	845	816
<b>Other</b>	<u>1,396</u>	<u>1,270</u>	<u>290</u>
<b>Total current liabilities</b>	<b>8,133</b>	<b>11,422</b>	<b>10,067</b>
<b>Non current liabilities</b>	<b>1,764</b>	<b>665</b>	<b>2,843</b>
<b>Total liabilities</b>	<b><u>9,897</u></b>	<b><u>12,087</u></b>	<b><u>12,910</u></b>
<b>Net assets</b>	<b><u>12,734</u></b>	<b><u>11,675</u></b>	<b><u>30,255</u></b>

## *Financial Performance*

- **Underlying operating earnings**

- Actual earnings improve due to continued growth in the business and benefits of the restructuring.

- **Costs under focus**

- Actual cash expenses at \$8.4m are \$1.2m lower than the same time last year on a like for like basis.
- R&D costs are 19% of revenue for the first half compared to 20% at 30 June 2003 will decline in 2H.

- **Margins**

- Margins improve to 59% for the six months to December 2003 from 53% for the 6 months to 30 June 2003 despite continuing negative movement in the AUD/USD exchange rate.

- **Working capital improving**

- Debtor days continue to improve: to 86 days at 31 December 2003 compared to 96 at 30 June 2003 and 121 at 31 December 2002.
- Inventory also improves but more focus needed.

## *Moving Forward - Strategy*

Grow the business profitably by:

- Growing our global sleep diagnostic business to a leading market share in each of our markets.
- Expanding our Neurological diagnostic business in the USA following the successful development of the business in Australia.
- Releasing innovative products to capitalise on market opportunities and maintain product leadership in those markets.



- To grow the business profitably and to continue to generate cash through improvements in debtor management and inventory turns.
- Continue to grow the European business by working with Draeger to capture more key sites there.
- Continuing to grow the sleep business so that it maintains or achieves the dominant market share in each of the key markets around the world being USA, Germany and Japan.
- Continuing focus on world class manufacture with, upgrade to surface mount technology.

## *Moving Forward - Technology*

- Revised Comperio EMG product to market financial Q4.
- Summit IP released by April 2004.
- Curry software upgrade released financial Q4.
- 128 channel EEG product released by December 2004.
- Second generation Siesta released financial Q4.
- E-Series next generation product development commenced by April 2004, for release at the American Sleep Association meet in June 2005.

## *Conclusions*

1. Record revenues and profits after tax for six months at \$17.3m and \$1.1m respectively.
2. Positive operating and net cash for the period.
3. Expanding product offering in growing markets will fuel growth.
4. Profitable growth is the focus.