

COMPUMEDICS LIMITED

(ACN 006 854 897)

ASX final report – 30 June 2010

Lodged with the ASX under Listing Rule 4.3A

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				\$'000
Revenue from ordinary activities <i>(Appendix 4E item 2.1)</i>	Decreased	15.6%	to	32,365
Profits before interest, tax, depreciation and amortisation	Decreased	83.5%	to	451
Profits from ordinary activities after tax attributable to members <i>(Appendix 4E item 2.2)</i>	Decreased	83.5%	to	451
Net profits for the period attributable to members <i>(Appendix 4E item 2.3)</i>	Decreased	83.5%	to	451

Dividends/distributions <i>(Appendix 4E 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

n/a

(Appendix 4E item 2.5)

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

Group revenues at \$32.4m for the year ended 30 June 2010 were impacted by lower revenues from the Company's US business and a stronger Australian dollar against most other currencies, offset by better performances from the Company's European businesses. This compares to \$38.40m for the prior year and represents a 15.6% decline year-on-year. On a constant currency basis revenues declined only 3.6% over the prior period.

Total US revenues were USD10.0m (AUD11.4m) for the year ended 30 June 2010 compared to USD11.4m (AUD15.1m) for the prior year. The decline in sales reflects continuing difficult market conditions for capital equipment medical diagnostic devices. The declines were partially offset by increases in technical service revenues and Transcranial Doppler (DWL) revenues.

European revenues for the year ended 30 June 2010 were €4.3m (AUD6.8m) compared to €4.2m (AUD7.8m) for the prior year reflecting better trading conditions generally in Europe and particularly in Germany, particularly as the Company had €0.7m orders on hand at 30 June 2010 that will ship in the new financial year.

Australian and Asia Pacific revenues for the year ended 30 June 2010 were \$14.2m compared to \$14.7m for the prior year. Revenues in this region were primarily impacted by lower sales in Australia, whilst Asia-based sales were broadly in line with the prior year, reflecting consistent trading conditions year-on-year in those markets.

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

EBITDA at \$1.2m for the year ended 30 June 2010 was less than the prior year EBITDA result of \$3.7m, reflecting lower sales primarily from the US business and a higher Australian dollar against most other currencies.

The solid EBITDA result for the year, despite the lower sales, reflects the on-going focus of the Company's performance transition program.

Net foreign exchange losses of \$1.2m were primarily related to the appreciation of the Australian dollar against the US dollar and the Euro during the course of the financial year. Over the prior two years the Australian dollar had risen to 96.3 US cents at 30 June 2008 and then declined to 81.1 cents for financial year ended 30 June 2009. It has since risen back to above 90 cents to the US dollar finishing at 85 US cents at 30 June 2010.

During the year ended 30 June 2010 the Company capitalised development costs of \$0.8m associated with its SomniLink® SPAP® sleep-treatment technology. The intangible asset carrying value at 30 June 2010 was \$4.1m. The Company has begun shipping small commercial quantities of the SomniLink® SPAP® and, as a consequence, the Company has begun to amortise the intangible asset during the 2010 financial year, booking a \$0.2m charge in the financial year.

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

Profits from ordinary activities after tax at \$0.5m for the year ended 30 June 2010 were a \$2.2m decline from the \$2.7m profit recorded for the prior year.

The above explanation for the improvement in EBITDA reflects the underlying operational impacts on earnings for the full year over the prior year. In addition to the operational impacts on earnings the Company has continued to reduce its bank debt from \$2.2m at the end of the prior financial year to \$1.9m at 30 June 2010.

Explanation of Dividends (Appendix 4E item 2.6)

No dividends have been declared or paid in the period.

Compumedics Limited
Consolidated income statement
for the year ended 30 June 2010

	2010 \$'000	2009 \$'000
Revenue from continuing operations	32,365	38,370
Other income	246	600
Cost of sales	(13,274)	(16,996)
Administration	(4,253)	(4,990)
Sales & Marketing	(8,015)	(9,753)
Research & Development	(4,876)	(4,864)
Finance costs	(533)	(560)
Net foreign exchange gain / (loss)	(1,209)	920
Profit before income tax	451	2,727
Income tax (expense)/income	-	-
Profit for the full year	451	2,727
Profit attributable to members of Compumedics Limited	451	2,727
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents):		
Basic earnings per share	0.01	1.7
Diluted earnings per share	0.01	1.7

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

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Compumedics Limited
Consolidated balance sheet
as at 30 June 2010

	2010	2009
	\$'000	\$'000
ASSETS		
Current assets		
Cash and cash equivalents	1,836	2,607
Receivables	9,639	10,623
Inventories	4,982	3,798
Total current assets	16,457	17,028
Non current assets		
Property, plant and equipment	920	871
Intangible assets	4,178	3,559
Non current assets	5,098	4,430
Total assets	21,555	21,458
LIABILITIES		
Current liabilities		
Payables	4,451	4,347
Borrowings	1,064	2,484
Provisions	1,843	1,938
Deferred revenue	955	1,023
Total current liabilities	8,313	9,792
Non-current liabilities		
Borrowings	880	17
Provisions	34	25
Deferred revenues	133	145
Total non-current liabilities	1,047	187
Total liabilities	9,360	9,979
Net assets	12,195	11,479
EQUITY		
Contributed equity	31,252	31,007
Reserves	(1,196)	(1,216)
Retained losses	(17,861)	(18,312)
Total equity	12,195	11,479

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Compumedics Limited
Consolidated statement of changes in equity
for the full year as at 30 June 2010

	Contributed equity \$,000	Reserves \$,000	Retained Earnings \$,000	Total \$'000
Balance at 1 July 2008	30,752	(1,206)	(21,039)	8,507
Profit for the period	-	-	2,727	2,727
Other comprehensive income	-	(10)	-	(10)
Total comprehensive income / (loss) for the year	-	(10)	2,727	2,717
Transactions with owners in their capacity as owners:				
New shares issued	255	-	-	255
Balance at 30 June 2009	31,007	(1,216)	(18,312)	11,479
Balance at 1 July 2009	31,007	(1,216)	(18,312)	11,479
Profit for the period	-	-	451	451
Other comprehensive income	-	20	-	20
Total comprehensive income / (loss) for the year	-	20	451	471
Transactions with owners in their capacity as owners:				
New shares issued	245	-	-	245
Balance at 30 June 2010	31,252	(1,196)	(17,861)	12,195

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

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Compumedics Limited
Consolidated cash flows statement
for the year ended 30 June 2010

	2010 \$'000	2009 \$'000
Cash flow from operating activities		
Receipts from customers (inclusive of goods and services tax)	34,172	41,066
Payments to suppliers and employees (inclusive of goods and services tax)	(32,922)	(36,540)
Interest and other costs of finance paid	(533)	(560)
Interest received	4	2
Receipts from grants and other income	246	600
Net cash inflow/(outflow) from operating activities	5	4,568
Cash flows from investing activities		
Payments for property, plant and equipment	(413)	(525)
Payments for intangible assets	(808)	(1,532)
Net cash inflow/(outflow) from investing activities	(1,221)	(2,057)
Cash Flows from financial activities		
Proceeds from contributed equity	-	255
Proceeds from borrowings	1,939	396
Repayment of borrowings	(2,239)	(639)
Net cash inflow/(outflow) from financing activities	(300)	12
Net decrease in cash and cash equivalents	(554)	2,523
Cash and cash equivalents at the beginning of the year	2,607	90
Effects of exchange rate changes on cash	(217)	(6)
Cash and cash equivalents at the end of the financial year	1,836	2,607
This is represented by:		
Cash Assets	1,836	2,607
Bank Overdraft (Interest bearing liabilities)	-	-
Net Cash	1,836	2,607

The above consolidated cash flows statement 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 2010

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 general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

This preliminary consolidated financial report for the year ended 30 June 2010 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 2009 and any public announcements made by Compumedics Limited during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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, Urgent Issues Group Interpretations and the Corporations Act 2001.

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Compumedics Limited
Notes to the consolidated financial statements
for the year ended 30 June 2010

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 that are reviewed and used by the chief operating decision maker 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 the product lines sold in that particular 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, ultra sonic blood-flow systems, supplies and technical service and support. The US business also includes that sleep diagnostic services business. Sales in the Americas are predominantly direct sales to end-user customers. The US 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, ultra sonic 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 Europe based 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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Note 2. Operating segment (continued)

including sleep diagnostic systems, clinical EEG systems, brain monitoring systems, ultra sonic blood-flow systems, supplies and technical service and support. The Group sells its ultra-sonic 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 2010 and 30 June 2009

Operating Segment
For the year ended 30 June 2010

\$'000

	USA	Australia and Asia Pacific	Europe	Group
Sales to external customers	11,373	14,225	6,767	32,365
Other revenues	3	356	911	1,270
Intersegment sales	876	3,563	425	4,864
Total segment revenue	12,252	18,144	8,103	38,499
Inter-segment elimination				(5,888)
Total revenue and other income per the Statement of Comprehensive Income				32,611
Segment result	(1,558)	4,429	(1,328)	1,543
Depreciation and amortisation				(559)
Finance costs				(533)
Net profit before income tax per the Statement of Comprehensive Income				451
Segment assets				
Operating assets	3,689	30,241	3,662	37,592
Intersegment eliminations				(16,036)
Total assets from continuing operations per the Statement of Financial Position				21,555

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Notes to the consolidated financial statements
for the year ended 30 June 2010

Note 2. Operating segment (continued)

Operating Segment
For the year ended 30 June 2009

\$'000

	USA	Australia and Asia Pacific	Europe	Group
Sales to external customers	15,123	15,425	7,822	38,370
Other revenues	95	504	916	1,515
Intersegment sales	1,234	2,636	841	4,711
Total segment revenue	16,452	18,565	9,579	44,596
Inter-segment elimination				(5,626)
Total revenue per the Statement of Comprehensive Income				38,972
Segment result	(2,312)	5,771	272	3,729
Depreciation and amortisation				(442)
Finance costs				(560)
Net profit before income tax per the Statement of Comprehensive Income				2,727
Segment assets				
Operating assets	4,387	27,157	4,379	35,932
Intersegment eliminations				(14,474)
Total assets from continuing operations per the Statement of Financial Position				21,458

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Compumedics Limited
Notes to the consolidated financial statements
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Note 3. Dividends (Appendix 4E, Item 6)

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

Dividend/distribution reinvestment plans (*Appendix 4E item 7*)
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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Notes to the consolidated financial statements
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Note 5 - Reconciliation of profit after income tax to net cash flow from operating activities

	2010	2009
	\$'000	\$'000
Profit / (Loss) for the year	451	2,727
Depreciation & amortisation	559	442
Net exchange differences	220	363
Change in operating assets and liabilities, net of effects from purchase of controlled entity		
Decrease (Increase) in receivables	984	1,543
Decrease (Increase) in inventories	(1,184)	886
(Decrease) Increase in payables	104	(1,587)
(Decrease) Increase in deferred revenues	(80)	5
(Decrease) Increase in other provisions	(86)	187
Net cash inflow/(outflow) from operating activities	967	4,568

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Supplementary Appendix 4E information
for the year ended 30 June 2010

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

	2010	2009
Net tangible asset backing per ordinary share	5.0cents	5.0 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 improved with the underlying improvement in earnings for the Company 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 2010

Results of segments

Primary Segments:

The primary business sectors reflect the main geographical markets the business operates in. As already discussed the US market remains very tough and is the primary impact on this years trading result. This was partly offset by better performance out of the European market in the current financial year.

Trends in performance

The focus for the Company will be resuming the profitable growth of the Company by continuing to logically expand its market penetration in each of its existing key markets being sleep, brain and ultrasonic blood flow monitoring as the financial capacity of the Company allows for this.

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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