

COMPUMEDICS LIMITED

(ACN 006 854 897)

ASX final report – 30 June 2012

Lodged with the ASX under Listing Rule 4.3A

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				\$'000
Revenue from ordinary activities (Appendix 4E item 2.1)	Decreased	10%	to	27,915
Profits/(Loss) before interest, tax, depreciation and amortisation	Decreased	n/a	to	(98)
Profits/(Loss) from ordinary activities after tax attributable to members (Appendix 4E item 2.2)	Decreased	n/a	to	(2,829)
Net profits/(Loss) for the period attributable to members (Appendix 4E item 2.3)	Decreased	n/a	to	(2,829)

Dividends/distributions (Appendix 4E 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 4E item 2.5)

n/a

Explanation of Revenue (Appendix 4E item 2.6)

Group revenues at \$27.9m for the year ended 30 June 2012 were 10% lower than the prior year. The decline in revenues was solely attributable to the Company not being able to ship all the sales-orders it had on hand by 30th June 2012. The Company took sales-orders for the year ended 30th June 2012 of \$31.9m, a 7% increase over the prior year's \$29.9m, on a constant currency basis.

The inability of the Company to ship all the sales-orders it had on hand at 30th June 2012 was a direct result of the restricted working capital environment the Company has operated in for much of the second half of the financial year. With the current refinancing of the Company, the restricted working capital will be resolved, allowing at least \$5.0m of the approximate \$6.4m sales-order backlog on hand at 30 June 2012 to ship over the coming months. Sales-orders on hand at any given financial period-end typically are about \$1.5m.

Importantly, the US business booked sales-orders 21% higher than the prior corresponding period (USD10.5m v USD8.7m), with shipped sales some 15% higher (USD9.4m v USD8.2m). The main driver for this sales growth in the US was the Company's new Long-Term EEG Monitoring (LTEM) system, Neuvo®, with sales-orders booked being 118% higher over the prior year.

Australian sales-orders were 8% higher than the prior year (\$5.3m v \$4.9m), with shipped sales 8% higher (\$5.4m v \$5.0m).

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Sales-orders from Asia (excluding Japan) were 24% higher than the prior year (\$5.6m v \$4.5m), however shipped sales were about 17% lower than the prior year, due to the shipping issues noted earlier.

Sales-orders to Europe (excluding Germany) were comparable with the prior year, despite the economic conditions in this part of the world. Sales-orders to the Middle East were also comparable with the prior year.

Offsetting the above gains were sales-order declines in Japan and Germany at 19% and 91% respectively. The sales-order decline in Japan reflects timing of sales-orders, whilst Germany reflected the lack of a direct sales presence for much of the year. This issue has now been resolved with a new sales representative for the German market having commenced early in August 2012.

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

EBITDA at \$(0.1)m for the year ended 30 June 2012 was lower than the prior year EBITDA result of \$0.7m, primarily reflecting the inability of the Company to ship all the sales-orders it had on hand at 30th June 2012. Had these sales-orders shipped in the year ended 30th June 2012, the EBITDA result for the business would have been significantly higher.

The EBITDA result for the business also reflects a decline in margins as a result of the strong Australian dollar relative to the US dollar and the Euro and heavier discounting of sales in the US market.

The Company is currently moving through a systematic review of its manufacturing and purchasing operations in Australia and anticipates moving more of its purchasing to Asia over the financial year to 30 June 2013.

During the year ended 30 June 2012 the Company capitalised development costs of \$0.4m associated with its SomniLink® SPAP® sleep-treatment technology. The intangible asset carrying value at 30 June 2012 was \$3.9m. 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 2012 financial year, booking a \$0.8m charge in the financial year.

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

Losses from ordinary activities after tax at \$2.8m for the year ended 30 June 2012 were a \$2.7m decrease from the \$0.1m profit recorded for the prior year.

The Company booked financing charges of \$0.5m and depreciation and amortisation of \$1.2m for the year ended 30th June 2012.

The Company wrote-off the deferred tax asset of \$0.9m that was booked to account in the prior year. This is a non-cash charge to the Statement of Comprehensive Income. The deferred tax asset represents the future value of tax losses incurred in prior-periods; the Company is entitled to re-coup once the Australian legal entity generates taxable income in future periods. The Company firmly believes it will recoup these tax losses in future periods, and its current financial forecasts support this. However, given current economic volatility and the timing of having new working capital facilities in place, and with reference to the appropriate accounting standards, the Company decided, on balance, it was prudent not to recognise this asset at 30 June 2012.

Apart from these charges the above explanation for the EBITDA result for the year ended 30th June 2012 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.

Compumedics Limited
Consolidated statement of comprehensive income
for the year ended 30 June 2012

	2012 \$'000	2011 \$'000
Revenue from continuing operations	27,915	30,857
Other income	586	408
Cost of sales	(14,096)	(13,172)
Administration	(4,426)	(4,473)
Sales & Marketing	(6,631)	(7,436)
Research & Development	(4,635)	(4,706)
Finance costs	(515)	(414)
Net foreign exchange gain / (loss)	15	(1,831)
(Loss) / Profit before income tax	(1,787)	(767)
Income tax (expense)/benefit	(1,042)	848
(Loss) / Profit for the full year	(2,829)	81
(Loss) / Profit attributable to members of Compumedics Limited	(2,829)	81
Net (loss) / profit for the period	(2,829)	81
Other comprehensive income		
Foreign currency translation	(711)	478
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	(3,540)	559
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents):		
Basic earnings per share	(0.01)	0.001
Diluted earnings per share	(0.01)	0.001

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

Compumedics Limited
Consolidated statement of financial position
as at 30 June 2012

	2012 \$'000	2011 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	1,099	1,153
Receivables	8,840	10,241
Inventories	5,289	5,733
Total current assets	15,228	17,127
Non current assets		
Property, plant and equipment	755	816
Intangible assets	3,892	4,233
Deferred tax asset	-	928
Non current assets	4,647	5,977
Total assets	19,875	23,104
LIABILITIES		
Current liabilities		
Payables	4,909	4,511
Borrowings	1,989	2,754
Provisions	2,031	2,082
Income tax payable	186	82
Deferred revenue	1,292	790
Total current liabilities	10,407	10,219
Non-current liabilities		
Borrowings	93	-
Provisions	34	16
Deferred revenues	126	114
Total non-current liabilities	253	130
Total liabilities	10,660	10,352
Net assets	9,215	12,755
EQUITY		
Contributed equity	31,019	31,019
Reserves	(972)	(261)
Retained losses	(20,832)	(18,003)
Total equity	9,215	12,755

The above consolidated statement of financial position 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 2012

	Contributed equity \$,000	Reserves \$,000	Retained Earnings \$,000	Total \$'000
Balance at 1 July 2010	31,019	(739)	(18,084)	12,196
Profit for the period	-	-	81	81
Other comprehensive income	-	478	-	478
Total comprehensive income for the year	-	478	81	559
Transactions with owners in their capacity as owners:				
New shares issued	-	-	-	-
Balance at 30 June 2011	31,019	(261)	(18,003)	12,755
Balance at 1 July 2011	31,019	(261)	(18,003)	12,755
Loss for the period	-	-	(2,829)	(2,829)
Other comprehensive loss	-	(711)	-	(711)
Total comprehensive loss for the year	-	(711)	(2,829)	(3,540)
Transactions with owners in their capacity as owners:				
New shares issued	-	-	-	-
Balance at 30 June 2012	31,019	(972)	(20,832)	(9,215)

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 year ended 30 June 2012

	2012 \$'000	2011 \$'000
Cash flow from operating activities		
Receipts from customers (inclusive of goods and services tax)	29,527	31,032
Payments to suppliers and employees (inclusive of goods and services tax)	(28,222)	(31,292)
Interest and other costs of finance paid	(515)	(414)
Interest received	-	3
Receipts from grants and other income	586	408
Net cash inflow/(outflow) from operating activities	1,376	(263)
Cash flows from investing activities		
Payments for property, plant and equipment	(82)	(300)
Payments for intangible assets	(441)	(680)
Net cash inflow/(outflow) from investing activities	(523)	(980)
Cash Flows from financial activities		
Proceeds from borrowings	-	492
Repayment of borrowings	(1,067)	(375)
Net cash inflow/(outflow) from financing activities	(1,067)	117
Net decrease in cash and cash equivalents	(214)	(1,126)
Cash and cash equivalents at the beginning of the year	(80)	1,281
Effects of exchange rate changes on cash	(2)	(235)
Cash and cash equivalents at the end of the financial year	(296)	(80)
This is represented by:		
Cash Assets	1,099	1,153
Bank Overdraft (Interest bearing liabilities)	(1,395)	(1,233)
Net Cash	(296)	(80)

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

Compumedics Limited
Notes to the consolidated financial statements
for the year ended 30 June 2012

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, Urgent Issues Group Interpretations and the Corporations Act 2001.

This preliminary consolidated financial report for the year ended 30 June 2012 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 2012 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.

Bank Facilities

The Company has been progressing refinancing activities to ensure it has adequate working capital facilities to deliver the approved financial budgets and operational plans for the coming financial year.

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Notes to the consolidated financial statements
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(a) Basis of preparation of consolidated financial report (cont'd)

The Company is significantly advanced with these activities and has received an offer for refinancing that it is currently evaluating.

The Company expects any new facilities will be on normal terms and conditions associated with the type of facilities and limits being offered. The Company will make a further announcement to the Australian Stock Exchange once these activities have been finalised.

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 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

America's

The Group's America's 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 America's are predominantly direct sales to end-user customers. The US office is based in Charlotte, North Carolina.

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Notes to the consolidated financial statements
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Note 2. Operating segment (continued)

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 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 2012 and 30 June 2011.

Operating Segment
For the year ended 30 June 2012

\$'000	USA	Australia and Asia Pacific	Europe	Group
Sales to external customers	9,920	10,279	7,716	27,915
Other revenues	-	79	1,196	1,275
Intersegment sales	876	1,516	246	2,638
Total segment revenue	10,796	11,874	9,158	31,828
Inter-segment elimination	(876)	(1,595)	(1,442)	(3,913)
Total revenue and other income per the Statement of Comprehensive Income	9,920	10,279	7,716	27,915
Segment result	(1,674)	1,476	(486)	(684)
Depreciation and amortisation				(1,175)
Finance cost				(515)
Other income				586
Net profit/(loss) before income tax per the Statement of Comprehensive Income				(1,787)
Segment assets				
Operating assets	3,116	27,424	4,740	35,280
Intersegment eliminations	(68)	(15,246)	(91)	(15,405)
Total assets from continuing operations per the Statement of Financial Position	3,048	12,178	4,649	19,875

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Note 2. Operating segment (continued)

Operating Segment
For the year ended 30 June 2011

\$'000	USA	Australia and Asia Pacific	Europe	Group
Sales to external customers	9,689	11,243	9,925	30,857
Other revenues	926	2,196	475	3,597
Intersegment sales	-	85	1,061	1,146
Total segment revenue	10,614	13,524	11,461	35,599
Inter-segment elimination	(926)	(2,281)	(1,536)	(4,742)
Total revenue per the Statement of Comprehensive Income	9,689	11,243	9,925	30,857
Segment result	(1,810)	894	1,206	290
Depreciation and amortisation				(1,052)
Finance costs				(413)
Other income				407
Net profit before income tax per the Statement of Comprehensive Income				(768)
Segment assets				
Operating assets	2,925	29,823	4,802	37,550
Intersegment eliminations	(68)	(14,284)	(91)	(14,443)
Total assets from continuing operations per the Statement of Financial Position	2,857	15,539	4,711	23,107

Compumedics Limited
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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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Compumedics Limited
Notes to the consolidated financial statements
for the year ended 30 June 2012

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

	2012	2011
	\$'000	\$'000
Profit / (Loss) for the year	(2,829)	81
Depreciation & amortisation	1,117	955
Deferred tax asset	928	(928)
Net exchange differences	(667)	987
Change in operating assets and liabilities, net of effects from purchase of controlled entity		
Decrease (Increase) in receivables	1,400	(533)
Decrease (Increase) in inventories	444	(751)
(Decrease) Increase in payables	398	79
(Decrease) Increase in deferred revenues	514	(186)
(Decrease) Increase in tax provisions	104	(188)
(Decrease) Increase in other provisions	(33)	221
Net cash inflow/(outflow) from operating activities	1,376	(263)

Compumedics Limited
Supplementary Appendix 4E information
for the year ended 30 June 2012

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

	2012	2011
Net tangible asset backing per ordinary share	3.9 cents	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 have declined with the underlying decline 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.

Compumedics Limited
Supplementary Appendix 4E information
for the year ended 30 June 2012

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, business have grown, offset by declines in Japan and Germany and to a lesser extent Australia.

Trends in performance

The primary focus of the Company will be to clear the existing backlog of sales-orders on-hand and concurrently ensure the sales-order momentum evident in the financial year to 30th June 2012 is not only maintained but built upon to return the Company to positive and then growing earnings.

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.