



Record Financial Performance Compumedics delivers excellent first year results

Compumedics finished the 2001 financial year in a very strong position, building on the performance achieved during the Company's first half year.

The Company's revenue reached a record \$18.3m (million) - 11.6% above the prospectus forecast of \$16.4m, and an increase of 76% on the previous year.

Net profit after tax (NPAT) was a record \$2.0m - exceeding the prospectus forecast of \$1.9m and an increase of \$2.1m on the previous year. Earnings before interest, tax, depreciation and amortisation (EBITDA) was \$3.7m - 12% above the prospectus forecast of \$3.3m and a substantial increase on the previous year.

"Compumedics has delivered exceptionally strong financial results for shareholders in both revenue and earnings which is a fantastic achievement in the first year as a Public Company," CFO David Lawson said.

"The Company's performance clearly reflects the success of our global investment, in particular, penetrating the large sleep disorder market in the USA. Importantly, the success of our operations was reflected in all markets."

Bringing three new products to market - e-Series PSG, Siesta and Somté - has driven the Company's growth and strengthened Compumedics' position as an innovator in sleep disorder devices.

During the year Compumedics received clearance from the US Food and Drug Administration (FDA) for the Siesta product.

Compumedics' net assets have increased to \$32.2m principally as a result of the IPO in December 2000.

The Company has substantial cash reserves of \$11.5m.

The Company's sights are now clearly set on the achievement of the forecast 2002 financial numbers.

A Great Year for Compumedics USA

Compumedics' recent decision to establish a US office is already delivering strong returns.

Located in Minneapolis, the office opened mid-way through the last financial year. The United States represents a prime target for expansion and is a key step in the Company's strategy to grow international markets.

The Compumedics US office achieved revenue of \$7.2m for the FY 2000/2001. This was 114% ahead of last year's \$3.4m, exceeding the forecast \$5.5m. This growth is attributed in large part to the Company's physical presence in the country.

"The decision to establish the Compumedics US office was part of a strategic plan to build a sales and marketing presence in the largest market in the world," said Dan Moore, Global Marketing Director.

There are distinct advantages in locating the office in Minneapolis. The city is recognised as a precinct for fine medical companies including 3M and Medtronic, amongst others. It is also ideally located mid-way between the east and west coasts of USA.

INSIDE

CEO's Message

Compumedics exceeds prospectus forecasts

Profile -

Professor Jack Clausen
Chairman of the
Medical Advisory Board

Getting to the Heart of Sleep

Compumedics announces
MOU with world-leading
cardio specialists
Baker Institute

New Products to Market

The cornerstone of
Compumedics' growth

CEO's message



In our first year as a public company Compumedics has delivered record financial results.

Our performance in key areas – sales and profits – over the year to June 30, 2001 has exceeded the forecasts made in last year's prospectus.

The outlook for 2002 is also positive with continuing and sustained growth expected in all our markets: Australia, USA, Asia and Europe. We are only just beginning to penetrate the massive global sleep disorder market.

Put simply, this is great news for Compumedics' shareholders, the company's employees, business partners and clients, who are all benefiting from this investment in growth.

Compumedics' success stems from its proven ability to deliver high quality products into growth markets.

The Company has successfully expanded its core sleep devices business with the introduction of sophisticated neurology monitoring systems, and most recently, with the introduction of the specialised Somté CHF (congestive heart failure) holter system.

Consistent with our commitment to technical innovation, a second product based on the Somté platform - 'Holter - Sleep System' - will make its debut at the forthcoming Australian Sleep Association Conference in Adelaide in October.

The past year has also seen Compumedics lead the medical monitoring field with two major product releases: the Siesta and e-Series.

The Siesta gave the world the first 32-channel multi-function wireless monitor, incorporating low interference radio communication. The e-Series PSG set a new standard in networked sleep laboratory systems, and the e-Series EEG presented a high standard in networked neurology monitoring systems.

The year ahead promises to be equally exciting and rewarding for employees, distributors and, most importantly, our clients and shareholders. The new product offerings of Siesta, e-Series PSG and e-Series EEG have barely commenced shipment, and product awareness and demand is growing rapidly. The Compumedics team will take up the challenge of further improving productivity, quality and excellence in customer service.

We remain confident that we will see sustained growth in the future, and that Compumedics will continue to benefit from the Company's focus on diagnostic technologies for sleep and associated medical disorders. (In particular, congestive heart failure and stroke.)

On behalf of the Compumedics Board of Management, I thank our employees, investors, clients and business partners for their continued support in sharing Compumedics' vision.

David Burton
Chairman, CEO

Medical Advisory Board - Profile: Professor Jack L. Clausen, BSc, MD.



Chairman of the Compumedics
Medical Advisory Board,
Professor Jack L. Clausen BSc, MD.

Professor Jack Clausen is the chairman of the Compumedics Medical Advisory Board (MAB). He holds an academic appointment as Clinical Professor of Medicine at the University of California, San Diego and is director of the Pulmonary Function, Arterial Blood Gas, Exercise and Sleep Disorders Laboratories at the Division of Pulmonary and Critical Care Medicine at the UCSD Medical Center.

Professor Clausen's principle research interests are disorders of respiration during sleep, sleep apnea and the clinical application of lung function and exercise testing.

The MAB is comprised of medical practitioners and researchers from around the world whose specialist areas cover sleep, as well as the respiratory and cardiology areas. MAB members meet quarterly to consider new product developments and emerging trends in the medical diagnosis industry.

With more than 20 years experience in setting international standards for medical instrumentation, Professor Clausen brings valuable knowledge and expertise to Compumedics' business of designing and manufacturing medical monitoring devices.

He has collaborated widely on projects in many fields where breathing abnormalities play a part, including sleep, lung physiology, cardiology and anaesthesiology.

Professor Clausen has been an office bearer on a number of committees of the American Thoracic Society, including serving as Chairman of its Ad-hoc Committee on the Measurements of Lung Volumes.

He has been principal investigator and participant in a number of clinical trials, funded either publicly or commercially, and has an impressive publication record.

Getting to the Heart of Sleep

On 23 August 2001, Compumedics announced the signing of a strategic memorandum of understanding (MOU) with the Baker Medical Research Institute (BMRI) enabling Compumedics to interface directly with world leading researchers and clinicians in the cardiology field.

The MOU will progress research frontiers into the relationship between sleep disorders and congestive heart failure (CHF). Somté, a device capable of simultaneously monitoring and analysing cardiovascular and respiratory function, is a key component of the collaboration.

"This is an important milestone for Compumedics as we venture into a new market to supplement our core business of monitoring sleep disorders," said Dr Gregory Koeppen, manager, Medical Innovations. "The prevalence of the link between sleep disorders and cardiovascular risk has only been established in recent years."

The facts:

- more than 50 per cent of congestive heart failure (CHF) patients suffer from sleep disorders
- four million CHF sufferers reside in the US alone
- another 15 million Americans are at risk of developing CHF

Compumedics and the BMRI will establish collaborative reference centres to research associations between sleep disorders and cardiovascular disease, as well as facilities for demonstrating and optimising the technology.

"The agreement between the Baker Institute and Compumedics will allow our scientists to branch into areas of experimentation which were previously unavailable. It is an added bonus that the necessary equipment is designed and produced by a Melbourne-based company located literally 'down the road'," said Professor Garry Jennings, director of the BMRI.

Compumedics will benefit by having its new technology clinically tested and validated by a heart research institution of international standing.

This validation will confirm Somté's credentials in the world cardiology arena – an important part of the Company's marketing strategy for the product.

"We're excited by the opportunities resulting from this new agreement with the Baker Institute," said Dr Koeppen.

Note: The announcement of this significant collaboration with the Baker Medical Research Institute was captured on the television news of both Channels 9 and 7 on Thursday 23 August. The launch was a great success with many BMRI and Compumedics representatives hosting media from television and the daily newspapers.

Compumedics announces Memorandum Of Understanding with leading Australian Heart Research Institute



Picture (from left to right):
Compumedics Chairman, CEO Mr David Burton,
Director of the BMRI, Professor Garry Jennings,
and Chairman of the Compumedics
Medical Advisory Board,
Professor Jack L. Clausen BSc, MD.



New Products to Market

The cornerstone of Compumedics' growth

"A key component of Compumedics' ongoing success is the development and release of products that advance the technology in our markets", says Warwick Freeman, Compumedics' Chief Technology Officer. "This past year, with the release of the e-Series and Siesta product lines, we have reaffirmed our leading position with positive results."

In 1995, Compumedics firmly established its reputation as an innovator by securing the contract to provide the P-Series recording devices and analysis software to the Sleep Heart Health Study (SHHS). The study, funded by the US National Institutes of Health, was the largest multi-center study of its type, eventually involving over 6,000 portable sleep recordings.

This past year Compumedics introduced the **e-Series EEG**, **e-Series PSG** and **Siesta** products to meet the changing needs for sleep testing and EEG testing in both clinical medicine and research.

Compumedics will continue to expand and secure its position in additional markets with the world-wide release of the **Somté** sleep screener with integrated cardiac analysis.

The **e-Series EEG** and **e-Series PSG** products are being successfully sold world-wide and have been responsible for much of this past year's sales growth. The products offer clinicians both the advanced capabilities and the ease-of-use that are needed in today's neurology and sleep labs.

The e-Series product line was designed to connect into the computer networks that are prevalent in new and growing diagnostic departments. The integrated networking link makes installation and setup easy and quick,

getting the customer up and running sooner than with other technologies.

The e-Series product line is designed with flexibility to address the needs of routine clinical EEG, advanced EEG monitoring, and diagnostic sleep studies.

This product line is used for evaluation of patients from infants and children to those of advanced age.

The **Siesta** introduced to the world the first diagnostic product for sleep and EEG incorporating wireless data transmission, opening a whole new vista of uses by clinicians and researchers.

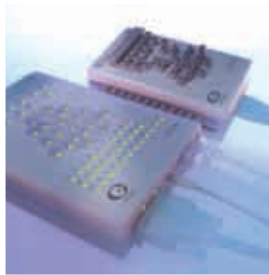
Weighing only 300 grams, the Siesta is small, lightweight and portable. The patient wearing the device has total freedom of movement. The Siesta even supports full 24-hour ambulatory recording outside the lab, so testing can be performed in the patient's home.

Coming to market this year is the new **Somté**. The Somté expands Compumedics' sales activities into the established, yet growing, market of sleep screening.

The Somté capitalises on the technological legacy of the Siesta; taking advantage of advanced digital electronics to create a product with capabilities not previously seen in the market place. In a package smaller than any competing device, the Somté includes both respiratory and advanced cardiac monitoring. Somté is the ideal product for simple ambulatory PSG.

As mentioned in the "Getting to the Heart of Sleep" article, Somté really is unsurpassed in its ability to evaluate patients with heart disease and sleep disordered breathing.

Compumedics continues to respond to market needs with innovative solutions, employing the latest in technology. Our broad range of sophisticated products have secured a strong position in the world-wide market place, and continue to provide a platform for ongoing revenue growth.



Compumedics e-Series EEG/PSG



Compumedics Siesta



Compumedics Somté

Compumedics updates via email:

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To register send an email to investor@compumedics.com.au. In the subject box, please type: Investor update registry, your name and your shareholder number

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