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Business Up-date - February 2008



COMPUMEDICS



'Defining Life's Signals'

Over view

- Capital equipment patient monitoring business (Core business)
 - Existing business up-date – financial results for 6 months to 31 December 2007
 - Step out opportunity - USA ambulatory sleep business
 - Step out opportunity - Neuvo™ – NEW long-term monitoring device into NEW market for Compumedics
 - Step out opportunity - Xegis™ – NEW EMG device for Compumedics as a result of a NEW OEM strategic alliance
- Medical innovations business (break-out business)
 - Sleep treatment – SPAP™ device up-date
 - Brief up-date of other innovation projects and technologies
- Outlook – financial and technology
- Recap

Core business - Financial update

- **STRENGTHENING** financial position and **SOUND** outlook
- **RECORD** profit-after-tax more than triples to \$1.6m in the half-year to 31 December 2007
- **RECORD** half-year revenues of \$20.1m. Revenues would have been approximately \$22m had exchange rates not moved adversely from the prior corresponding half-year and had supportive banking services been provided in the half-year by our now previous bankers
- **REDUCTION** in operating costs continues
- **RE-FINANCING** with HSBC completed - January 14, 2008
- **STRONG** R&D pipeline maintained
- **BREAKOUT SPAP™** technology – commercialisation activities continue

Core Business - Financial update

■ Gross MARGINS IMPROVE from 59% at 30 June 2007 to 63% at 31 December 2007, despite rising Australian dollar

■ Operating EXPENSES DECLINE \$0.8m or 7% to \$11.0m for the half-year to 31 December 2007 compared to the prior corresponding half-year. Operating expenses are \$1.9m or 15% lower when compared to the corresponding half-year two years ago. Expenses have decreased from a combination of efficiencies and the rising Australian Dollar but without sacrificing the product pipeline.

■ EBITDA more than DOUBLED to \$2.1m compared to the prior corresponding half-year profit of \$1.0m

■ PROFIT-after-TAX at a record \$1.6m is more than TRIPLE the prior corresponding half-year profit-after-tax of \$0.5m

Core Business - Financial update

- BORROWINGS substantially REDUCED from \$5.6m at the prior corresponding half-year to \$3.1m at the end of the current half-year. The LOWEST level of borrowings in 5 years

- Borrowing costs at \$0.3m were 40% LOWER than the prior corresponding half-year due primarily to the debt repayments

- Strong sales in Japan and Asian Brain Research business and stable sales generally in the Australia business offset sales declines in Europe and US sleep businesses. Corrective actions being taken in these two area's.

- Net Foreign exchange was a loss of \$0.3m for the half-year to 31 December 2007 slightly higher than the loss of \$0.2m for the prior corresponding half-year

Core Business - Financial update

	Actual half year Dec 2004	Actual half year Dec 2005	Actual half year Dec 2006	Actual half year Dec 2007
Revenues (\$m)	19.4	18.1	19.7	20.1
Margins %	57%	54%	62%	62%
Operating Expenses	(10.7)	(12.9)	(11.8)	(11.0)
Foreign exchange	(1.0)	-	(0.2)	(0.3)
EBITDA	(0.4)	(2.1)	1.1	2.1
NPAT	(0.9)	(3.0)	0.5	1.5
AUD / USD exchange rate	77.53c	72.72c	79.13c	88.16c

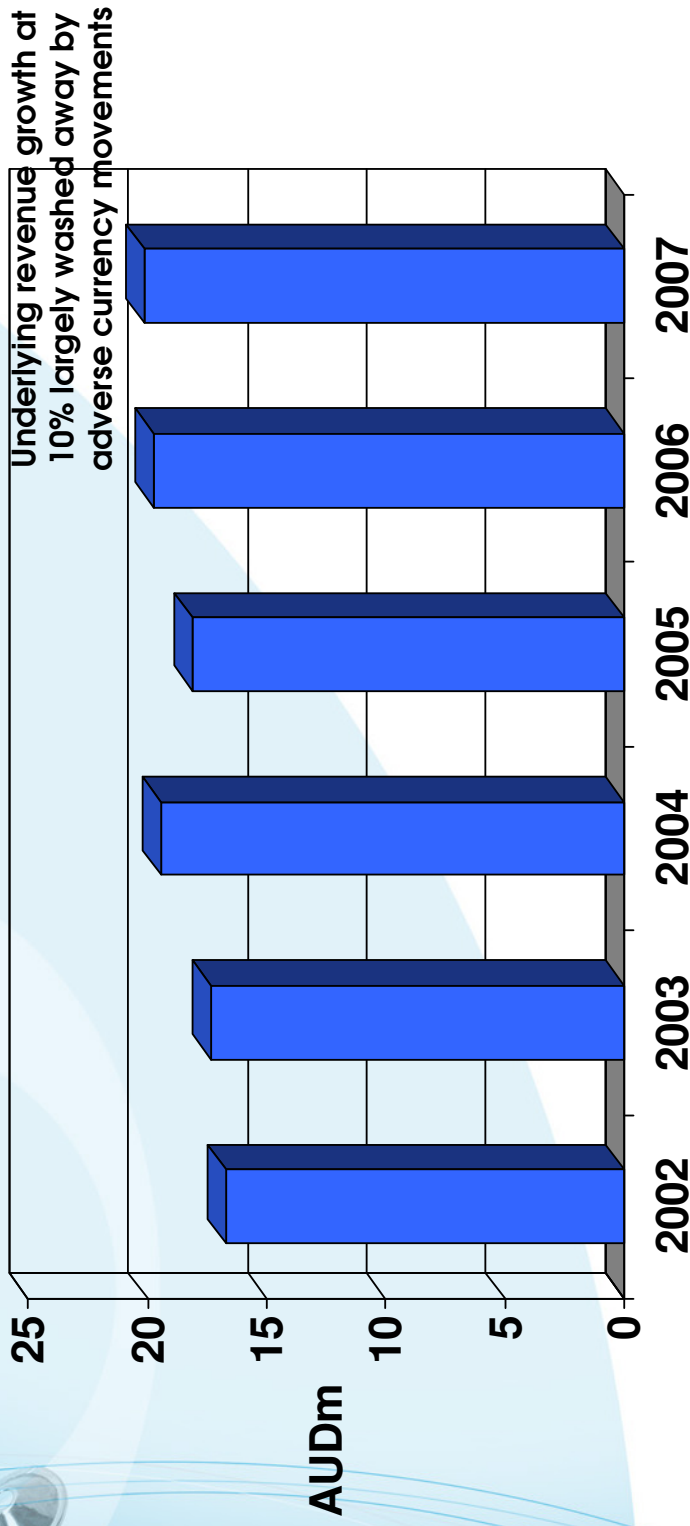


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Core Business - Financial update

Total group revenues at \$20m, would have been \$22m had the Australian dollar not risen against other currencies and competitive and regular banking services been available

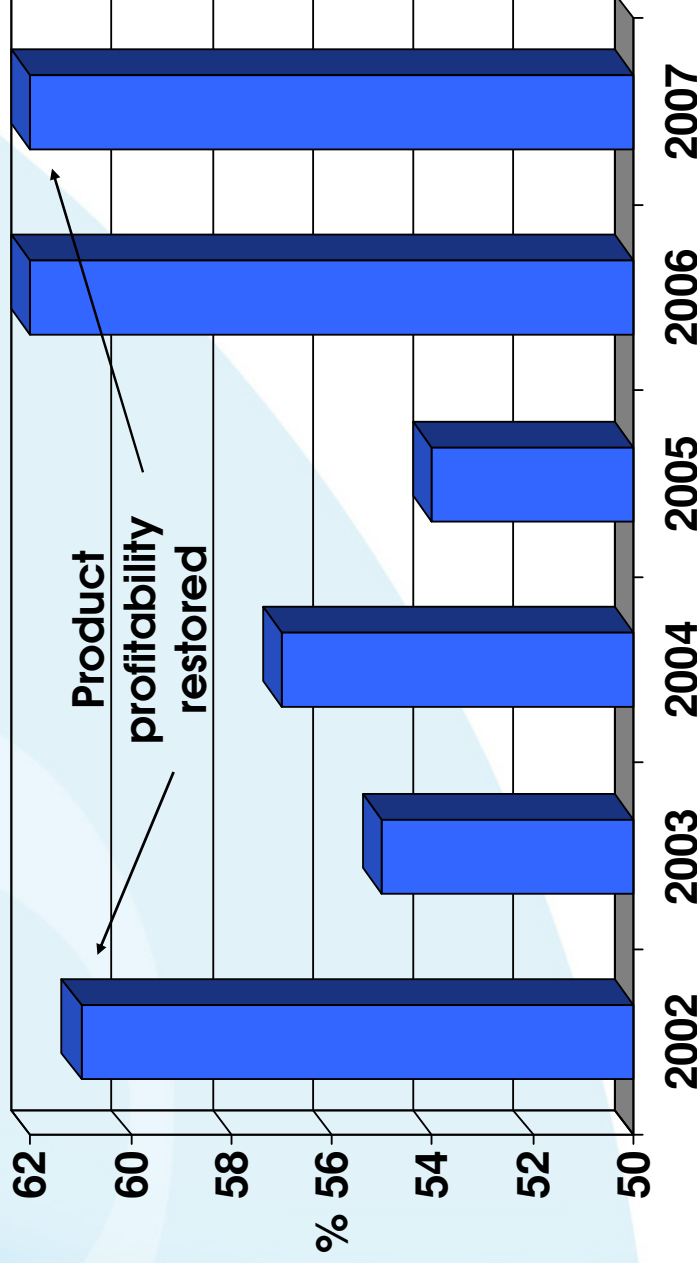


Revenues for the 6 months to December 31

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Core Business - Financial update

Gross Margins at 62% are same as prior corresponding half-year and 3% better than at 30 June 2007 despite the rising Australian dollar

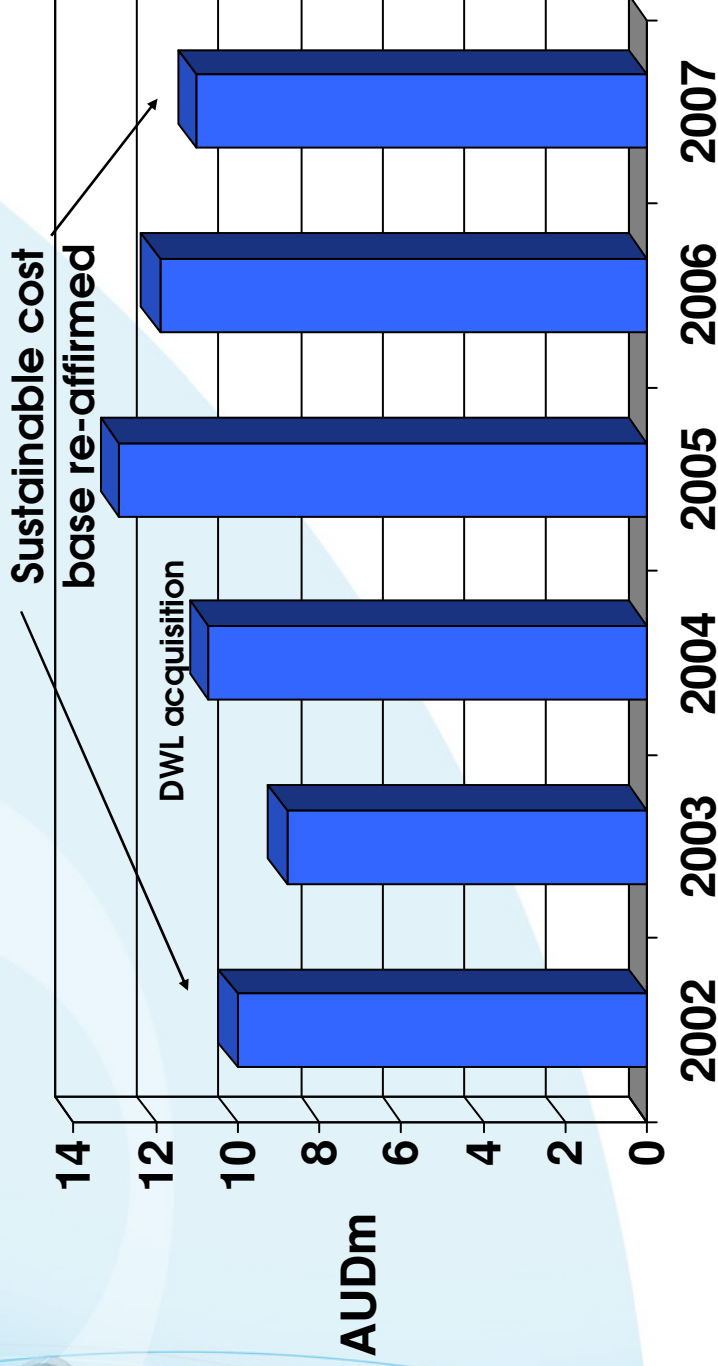


Gross margins for the 6 months to December 31

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Core Business - Financial update

Operating Expenses continue to decline - \$1.9m or 15% over the last two years

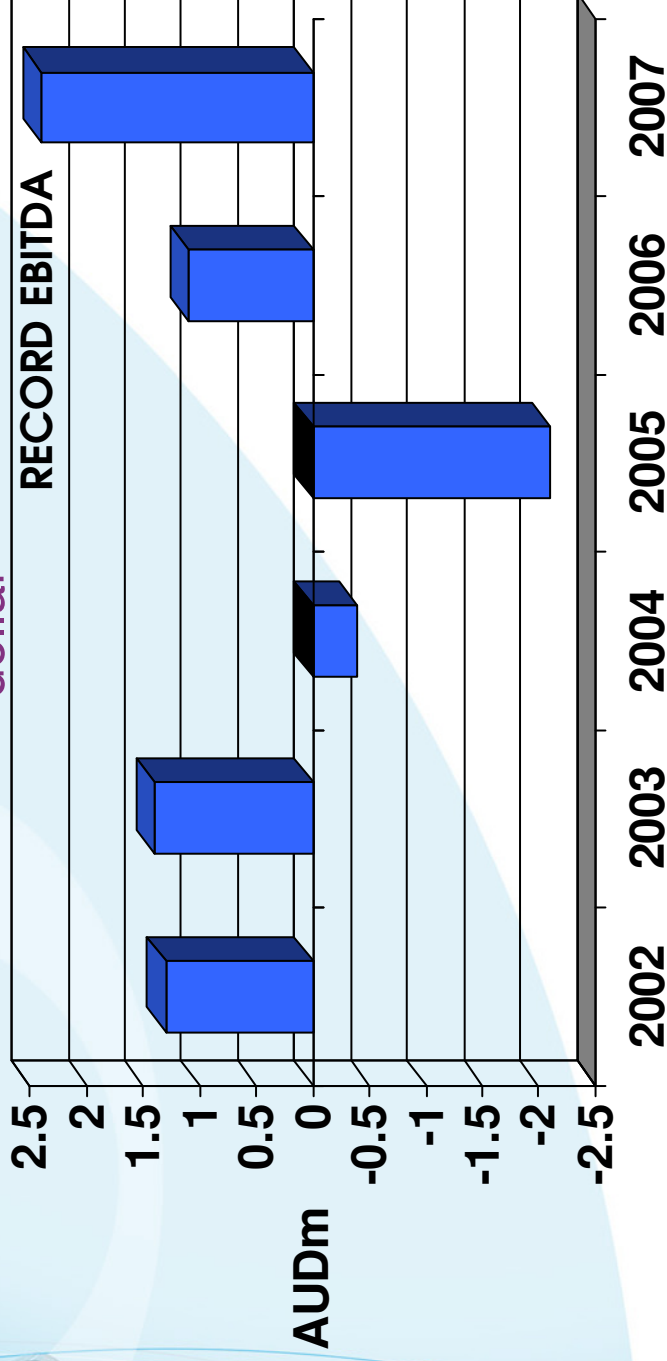


Expenses for the 6 months to December 31

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Core Business - Financial update

EBITDA record half-year profitability at current revenue levels, which are constrained by the higher Australian dollar

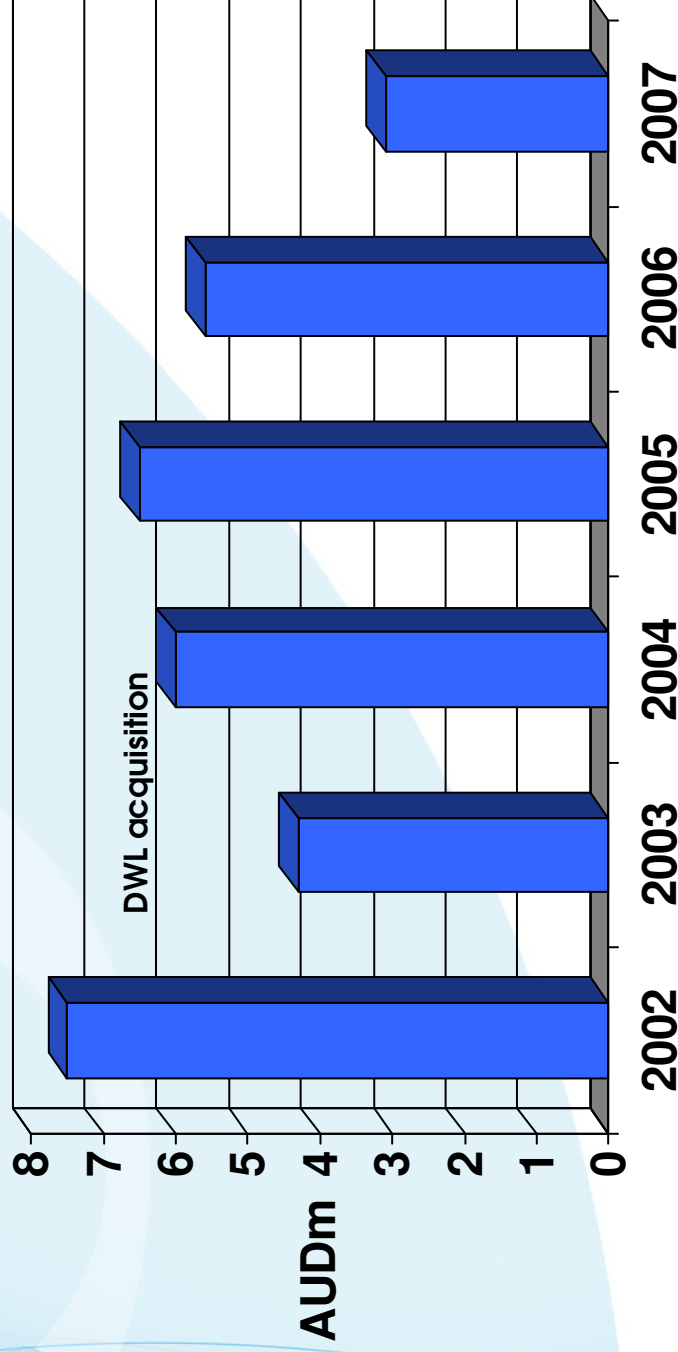


EBITDA for the six months ended December 31

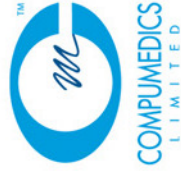
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Core Business - Financial update

Bank debt reduction continues – lowest debt levels in 5 years!



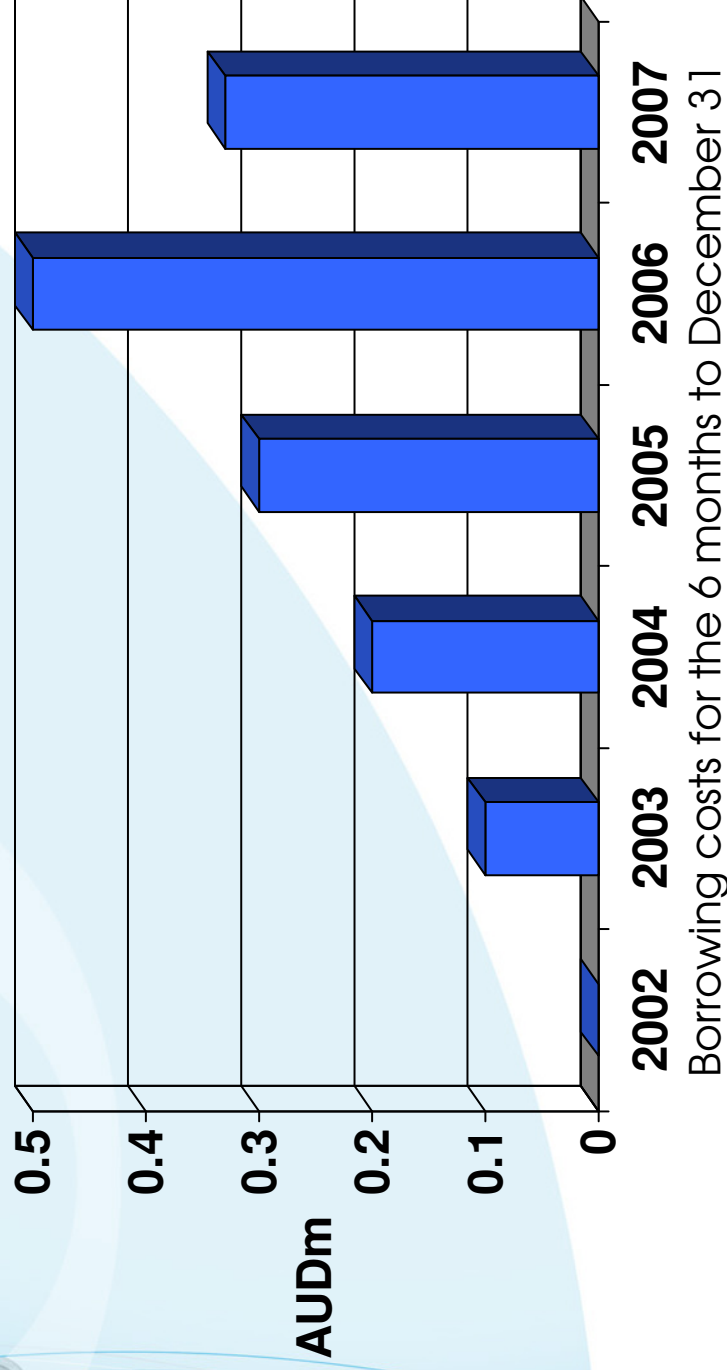
Bank Debt at December 31



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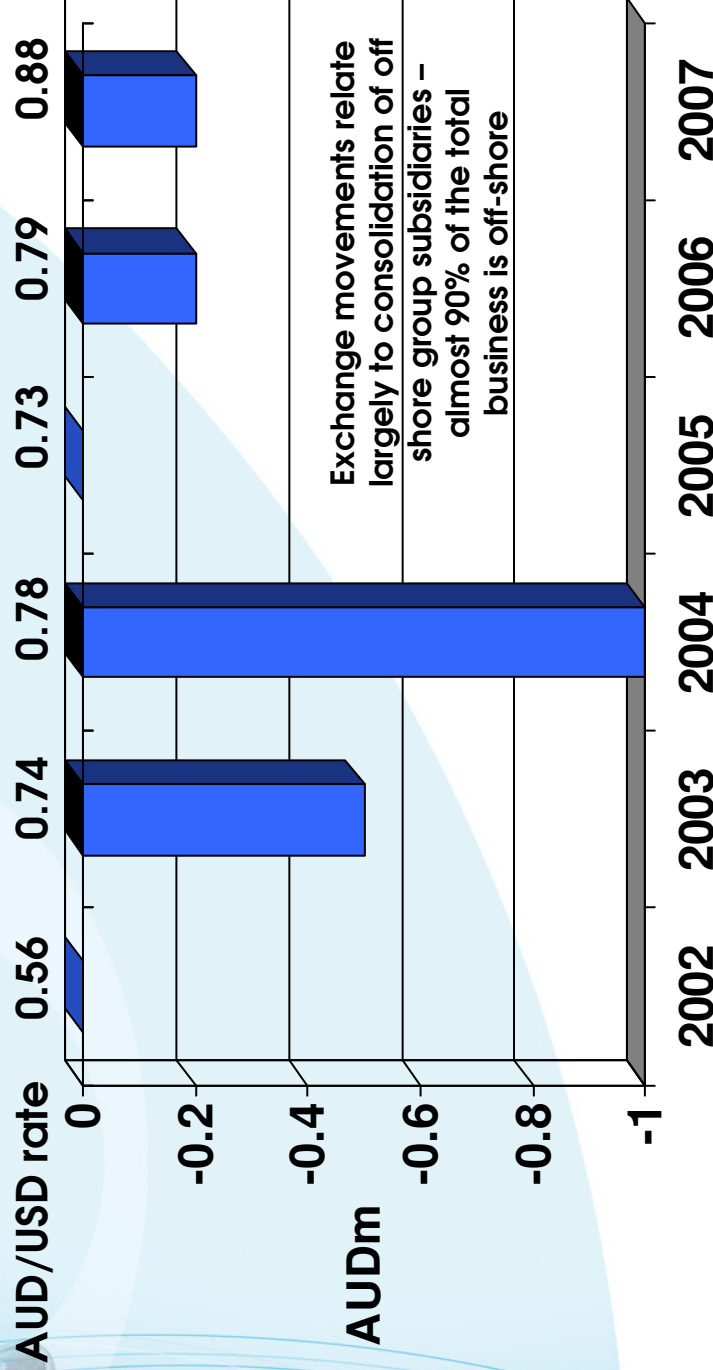
Core Business - Financial update

Bank costs some respite despite improving business performance and debt repayment. Bank changed January 2008



Core Business - Financial update

Foreign exchange impacts adversely again in current half year



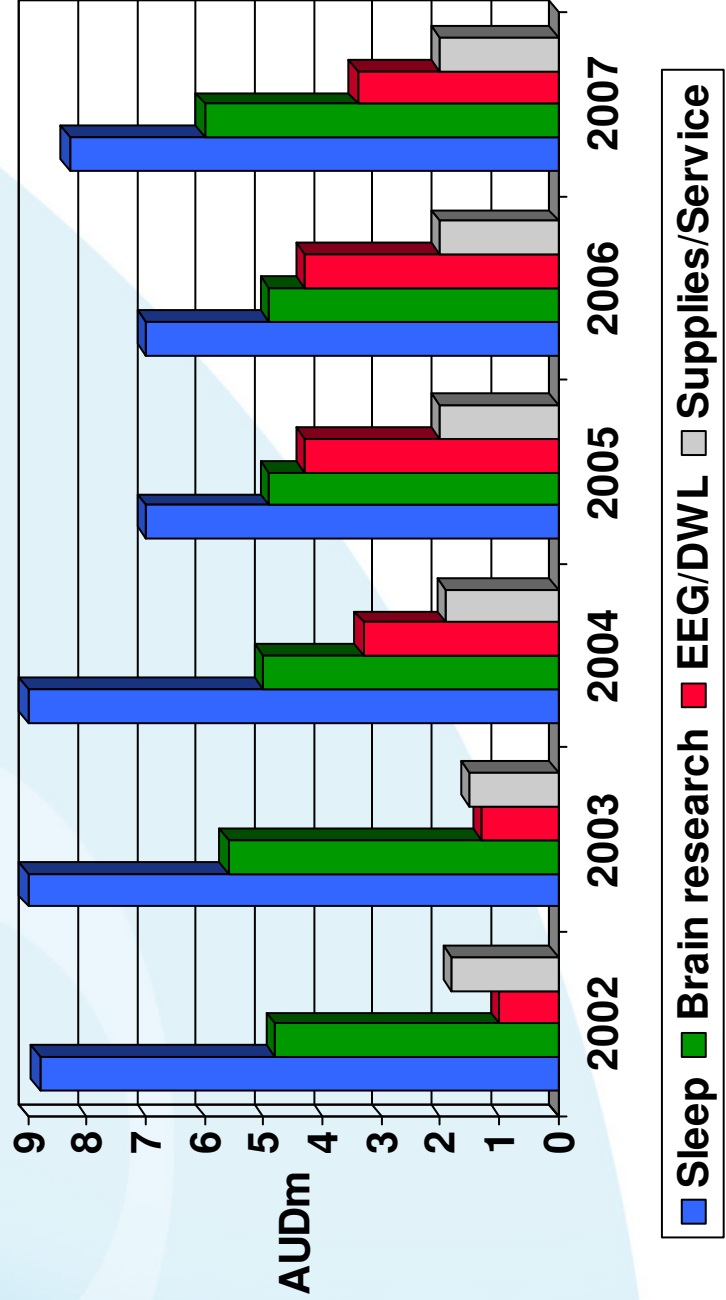
Foreign exchange losses for the 6 months to December 31

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Business unit revenues

Business unit revenues improving

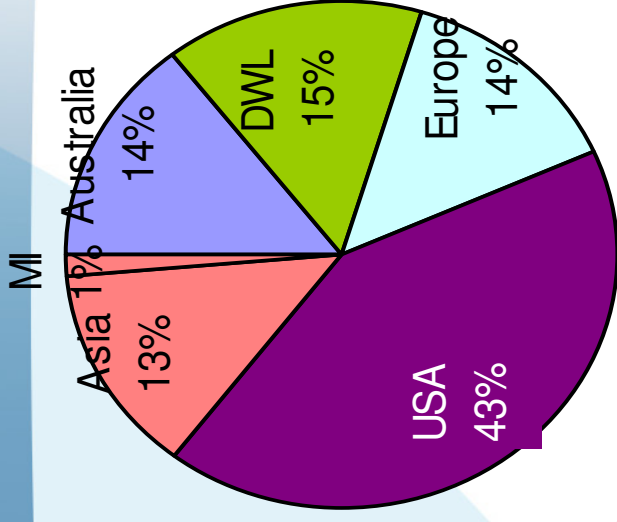


Revenues by business for the 6 months to December 31

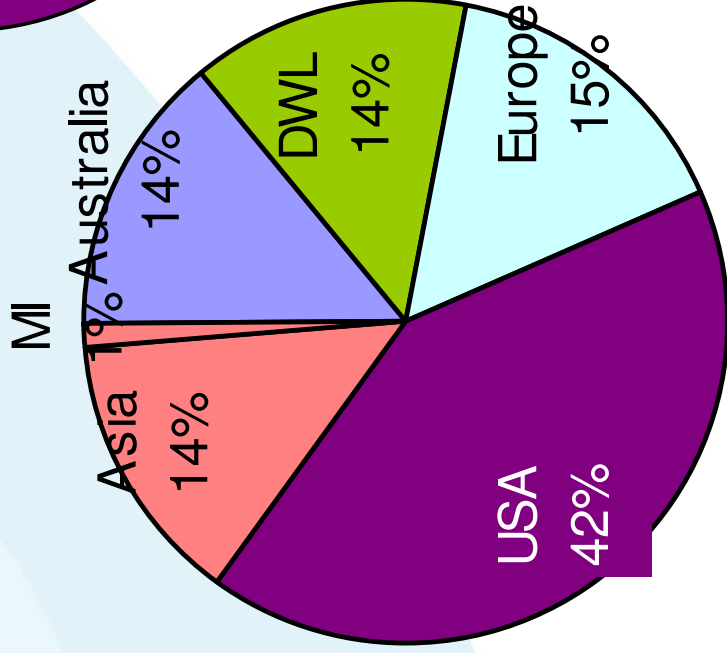
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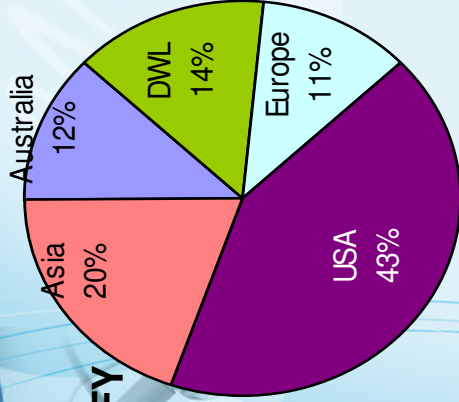
Geographic revenues



2007 H1



2008 H1



2006 FY

MI = Medical innovations

Slide 15

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Key achievements completed in H1 2008

- New banking service provider chosen – greater flexibility and less expensive
- USA office relocated to Charlotte, North Carolina – less expensive
- New market opportunities in brain research executed with several pharmaceutical companies in the US and Europe
- Release of Nexus Scheduler – a complete scheduling solution for the busy sleep center
- Release of next generation world class source localisation software – CURRY™ 6
- Commercialisation discussions for SPAP™ technology continue

Early H2 2008 performance

- Business performing to plan
- US brain research business momentum continues, Australian business strong and Asian research business strong, US sleep business picking up.
- Cost containment continues.
- Australian dollar still high relative to the US dollar - at top of the cycle? – for how long? - regardless we are using this to make the business stronger

Outlook - financial

- Replication of the first half result in the second half without losing cost control restraints will be the primary focus

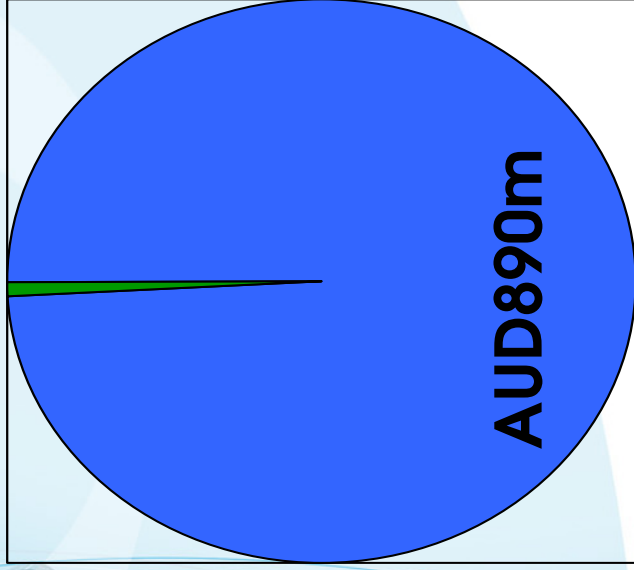
- It is early days along a fresh and revitalised path for the business back to profitability and growth – management remains cautiously optimistic

- Foreign exchange, the costs of doing business, the competitive environment and on-going management restructures will continue until management is satisfied that the business model is secure

- The costs of developing the sleep-treatment technology have been largely expensed by the Company to date. In the main, the at least \$100m market opportunity attached to this technology has not been augmented into revenues, profits or the value to shareholders so far.

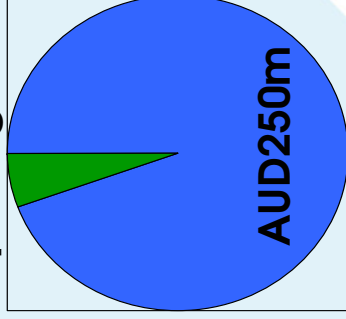
Outlook – CMP annual sales compared to global market annual sales

Neuro diagnostics



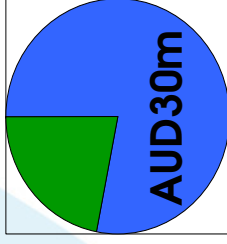
■ Global market ■ CMP current sales

Sleep diagnostics



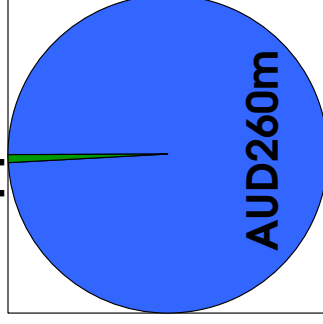
■ Global market ■ CMP current sales

Brain Research



■ Global market ■ CMP current sales

Supplies



■ Global market ■ CMP current sales

■ Global market ■ CMP current sales

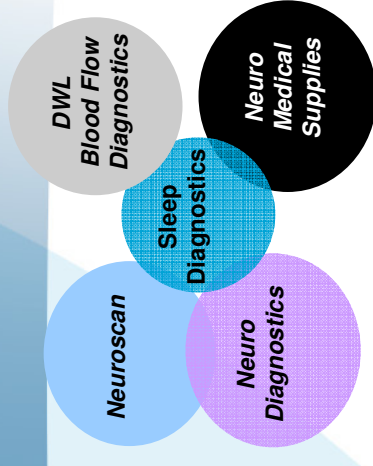
Medical innovation – Sleep treatment

- Compumedics SPAP™ sleep treatment technology as good as and as intelligent as, if not better than Respiroics' and Resmed's
- Immediate deal for \$2m of products signed in 2007
- OEM discussions for 3-year \$100m contract on-going
- 3 major world leading medical gas companies interest with an average market capitalisation of AUD14bn
- Discussions do not include licensing or other third party commercial opportunities for the SPAP™ technology
- Rich patent portfolio supports further potential sleep treatment innovations for much better sleep without the current downside of existing technologies

Market valuations – core business only

Shares on issue	142.5m	ASX average PE ratio	14
Annualised earnings	\$3.2m	Healthcare equipment and services (HES) sector PE ratio	20
Current share price	12.5 cents	Leading company in HES sector PE ratio's	35
CMP share price at ASX PE ratio	32 cents	<p>The valuation scenarios assume no value for the medical innovation commercial opportunities identified for SPAP™ sleep treatment</p>	
CMP share price at sector PE ratio	45 cents		
CMP share price at leading company sector PE ratio	80 cents		

Outlook - technology



Building a global medical diagnostic company

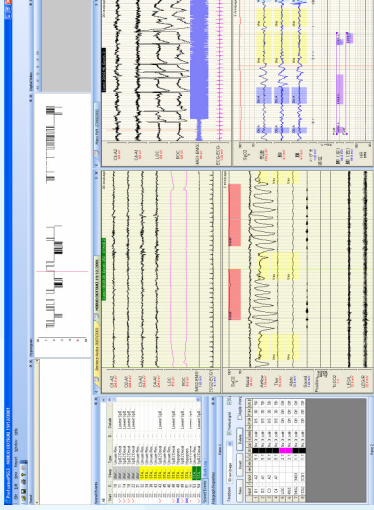
- With Compumedics' core strategic edge being Sleep Diagnostics
- Leveraging this technology into related fields including Neurosciences, Cardiology, Brain Research, Neuromedical supplies. Combined, these markets have annual sales of more than AUD 1.2 billion.
- In 2002, Compumedics acquired US-based Neuroscan, the world's leading developer of brain research instruments.
- In 2004, Compumedics acquired German based DWL, which has enabled Compumedics to expand its global operations into neuro and cardio diagnostics and equipment for brain research.
- From 1999-2007, the company increased its sales from \$9 million to almost \$40 million, reflecting its product development initiatives, combined with its own strong distribution network in the United States, which accounts for 43% of sales. 86% of sales are exported world-wide.

Outlook - technology

New Products



Nexus



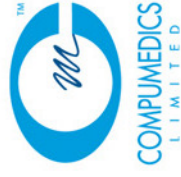
Profusion PSG 3



Somte PSG



Neuro

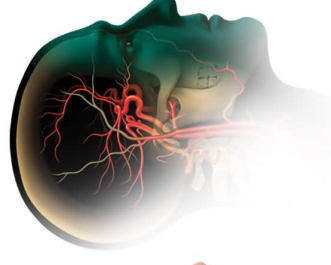


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Outlook - technology

No other company has the world's leading technology
and/or market position covering
3 of the key rapid growth, new generation medical
technology markets
first discovered in the 1980s

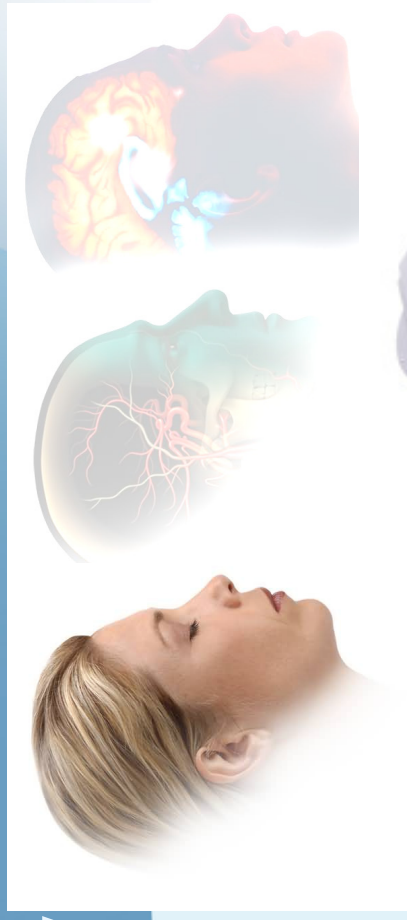
- **Clinical Sleep**
- **Transcranial Doppler (TCD)**
- **Computerised Cognitive Neuroscience/EEG brain function**



Outlook - technology

Sleep Market

- Pioneering of computerised PSG (CMP;1987) and CPAP treatment discovery [Sullivan, CE (1981), Sydney Australia]
- 40% of the Australian Clinical EEG Market and 70% of the Australian Sleep Diagnostics Market.
- 10% USA market share and growing in sleep diagnostics.
- Developed and installed Australia's first computerised sleep centre at Melbourne's Epworth Hospital in 1988.



Epworth

SHHS

Sleep Heart Health Study



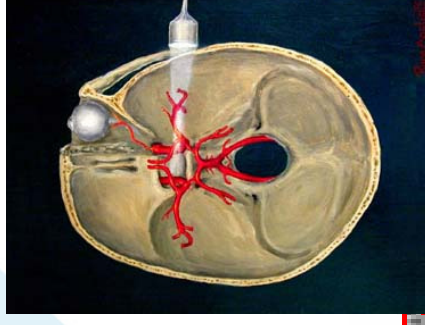
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Outlook - technology

Transcranial Doppler (TCD) Market

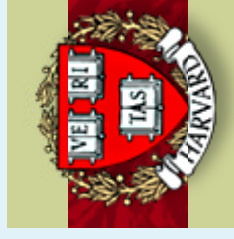
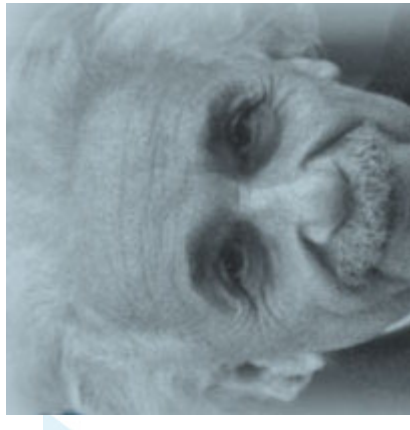
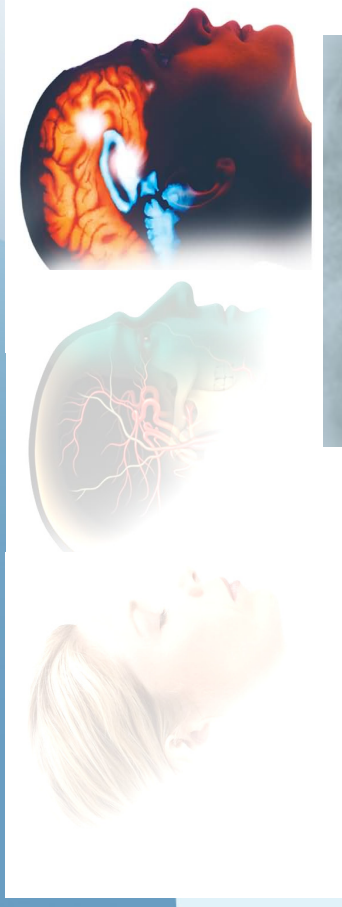
- *Developed by Dr. Rune Aaslid in 1982, today DWL's client*
- *DWL has a strong market share in Germany and well established distribution networks in Europe*
- *World's firsts include :*
 - *Bilateral Doppler ,*
 - *Emboli differentiation*
 - *Full digital Doppler*



Outlook - technology

Computerised Cognitive Neuroscience/EEG brain function

- Pioneered by Neuroscan in 1989
- Commands 90% of the US Market for Research EEG applications and a significant market share worldwide.
- Sells its products in over 50 countries worldwide to over 1500 universities, corporate laboratories and national research centres.
- First to commercialise high-density EEG/EP recordings, electromagnet source localisation, merging of multi-modal neuroimaging data.
- World opportunity - \$1.2b size of the industry of **STANFORD UNIVERSITY** which we have less than 3% market share.



Business Recap

- Profits triple from prior corresponding half-year despite rising Australian dollar and the adverse impact this has on revenues and margins
- Operating cash flow more than doubles compared to prior corresponding half-year
- Cost vigilance to remain
- R&D product pipeline strong – new products ready to rollout over calendar 2008
- Focus on restoring group growth and increasing profitability, whilst pursuing break out sleep treatment opportunity

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