



**Compumedics Limited
Preliminary business update:**

***Current performance:* record profits, minimal bank debt, excellent cash generation and cash position real and resilient sales of ≈\$38m**

***Growth outlook:* 4 key growth opportunities in the core business to underpin FY2010 and beyond**

Melbourne Australia, Friday 7 August, 2009

Leading medical devices company, Compumedics Limited (ASX: CMP) today announced that it has successfully traversed current global economic conditions to-date with what it expects to be record NPAT at 30 June 2009 of >\$2.4m (pre-audit) (FY2008:\$0.8M) on revenues that have remained resilient at ≈\$38m (FY2008:\$39m). Bank debt has been reduced to \$2.2m (FY2008:\$2.8m) and cash on hand increased to \$2.6m (FY2008:\$0.6m) delivering a net cash position at 30 June 2009.

The Company expects to resume growing in FY2010 and beyond as a result of 4 key growth opportunities identified in the existing core diagnostic monitoring businesses, (sleep, brain and ultrasonic blood flow monitoring).

Key points to note are:

- Performance transition program continues to deliver; record NPAT > \$2.4m (pre-audit), cash positive and bank debt down; net cash at 30 June 2009; real and resilient sales of ≈\$38m
- Strong core business growth outlook; HST USA market, Europe, LTM
- World leading patient monitoring for sleep, brain and ultrasonic blood flow
- Young, high growth, multi-billion dollar markets

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- Sleep apnoea remains an enormous market and largely undiagnosed
- Sleep deprivation is epidemic world-wide
- Compumedics uniquely positioned for growth in its core markets
- 20,000 systems world-wide only scratches surface of market potential
- Prestigious client base and iconic brands (Compumedics / Neuroscan / DWL)
- New growth pathways include sleep services and sleep treatment

Key Growth Opportunities

In terms of the key growth opportunities for the core sleep, brain and ultrasonic blood flow monitoring businesses the Company believes these will come from four primary areas, being:

1. The evolution of the home-sleep-testing (HST) market in the US as a result of recent changes to USA private and government funding of HST and the expected growth in sales of small limited channel sleep-diagnostic screener devices
2. The expansion of our core sleep-diagnostic and brain (neurological) monitoring businesses in Europe. Specifically Germany and France are being established as direct sales bases.
3. The entry of Compumedics into the global long-term EEG monitoring (LTM) market with the world-wide release of its new innovative LTM device, Neuvo®.
4. For the first time the Company is realizing a range of new products designed to compete across the complete sleep monitoring spectrum from the lowest cost home sleep testing (HST) devices to the latest premium Grael™ sleep laboratory based systems.

Compumedics has the most sophisticated and advanced range of portable sleep-monitoring systems. It has been recognised as the leader in this field since winning the contract to supply the world's largest sleep study of its kind with portable systems; the Sleep Heart Health Study coordinated by the US National Institutes of Health, will have completed in the order of 20,000 sleep studies using Compumedics' portable monitoring equipment by the end of this year. This study now forms the basis of a standardised on-line research sleep-study reference database accessed by sleep researchers throughout the world. Compumedics is well positioned to establish a substantial share of this growing sleep screening market sector.

The HST market in the US is currently estimated at approximately USD10m pa and growing and double digit rates. Compumedics has to-date focused on its traditional customer base but is currently implementing strategies to aggressively pursue this emerging market with a low cost but leading technology device derived from the Company's existing Somté device.

Compumedics is well positioned to establish a substantial share of this growing sleep screening market sector.

Compumedics is concurrently reinvigorating its presence in its traditional US sleep laboratory market with the launch of its new Grael PSG® sleep diagnostic device, the world's first premium performance high-definition sleep diagnostic amplifier.

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Compumedics as previously announced has begun to direct sell its sleep-diagnostic systems in Germany, Europe's largest and the world's second biggest market for sleep-diagnostic devices. Compumedics recent initial successes with this strategy will be complemented by the Company's expansion in to France, another major market within the European zone.

To-date Compumedics penetration of both these markets within Europe has effectively been zero. The Company believes it can add incremental revenues of between \$3m to \$10m per annum through the successful expansion into these two specific markets within European and a general reinvigoration of the Company's sleep-diagnostic distribution network across European.

Finally the Company is about to enter the long term EEG monitoring (LTM) market, a new and incremental market for Compumedics, with the launch of its innovative LTM product, Neuvo®. This will take Compumedics into existing, but new market for the Company, which is estimated at annual sales of about USD250m. Compumedics is well positioned to establish a 5% share of this global market over the next couple of years representing about USD6m pa in incremental revenues to the Company.

Leadership Re-structure

The Company is actively seeking to strengthen its board and expand its global sales and marketing force.

Further updates

Compumedics will provide further up-dates as the financial results for the year ended 30 June 2009 are finalised and audited and expects to release its Appendix 4E to market on Wednesday 26 August 2009. The Company will make additional announcements in relation to the growth platforms as material milestones are achieved.

For Further information:

Mr David Burton
Executive Chairman, CEO
Phone: + 61 3 8420 7300
Fax: +61 3 8420 7399

Mr David Lawson
Chief Financial Officer
Phone: + 61 3 8420 7300
Fax: +61 3 8420 7399

Investor Relations & Media Enquires:

Mr Rod North
Executive Director
Bourse Communications Pty Ltd
Phone: +61 3 9510 8309
Mobile: +61 (0) 408 670 706

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About Compumedics

Compumedics Limited, founded in 1987, is a global leader in the design and manufacture of diagnostic technologies for sleep disorders, neurophysiology and cardiology. In 1987 Compumedics established Asia Pacific's first fully computerised sleep laboratory. Compumedics holds 80% share of the Australian sleep-diagnostic market, and has a major and rapidly growing presence in the US, European and Asian marketplaces for its sleep, neurological, and Doppler blood-flow diagnostic monitoring devices. **In 1995** the company was selected to supply equipment to the US Sleep Heart Health Study, the world's largest sleep study of its kind, currently exceeding 14,000 studies with 20,000 patients scheduled by 2008. With headquarters in Melbourne, Australia and offices in the United States, and Europe the products are distributed in over 50 countries. **In 1998** Compumedics was awarded the overall Australian Exporter of the Year. **In 2000** Compumedics was listed on the Australian Stock Exchange. **In 2002**, Compumedics acquired US-based Neuroscan - the world's leading supplier of instruments for brain-research. In the US - the world's largest medical device market - Neuroscan holds around 90% of the market for brain-research products. **In 2003** Compumedics was awarded the Frost & Sullivan Award for Market Expansion Strategy. **In 2004**, Compumedics acquired German-based DWL Elektronische GmbH, enabling Compumedics to expand its global operations into the neurovascular and cardio-vascular diagnostic fields. **In 2006**, Compumedics was awarded the Frost and Sullivan Technology Leadership award for the innovative Somté recorder product. **In 2007**, Compumedics and Chairman were inducted into the Victorian Manufacturing Hall of Fame. **In 2008** the DWL division received the top 100 German Innovation award. With 20,000 systems installed globally across the finest hospital, universities and clinics the Compumedics sales have grown more than 4 fold from \$9 million (1999) to \$39 million (2008).
www.compumedics.com