



COMPUMEDICS
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Melbourne, Australia

Wednesday, 17 March, 2010

COMPUMEDICS LIMITED AUDIO STREAM

COMPUMEDICS LIMITED (CMP) is pleased to provide the attached transcript of the audio broadcast released by Boardroom Radio on 16 March 2010 with **Mr. David Burton, Chairman, Mr. David Lawson, Chief Financial Officer and Boardroomradio** in a presentation titled "**Corporate and capitalisation Strategy 2010**".

Yours faithfully

David Lawson
Company Secretary

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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 \$38 million (2009). In 2009 Compumedics was awarded a design award for its Grael® PSG/EEG premium laboratory based product. www.compumedics.com

Q: David Burton (CEO/Chairman) for our new Compumedics listeners could you please introduce Compumedics with a brief Company background?

A: Compumedics develop patient diagnostic monitoring systems for sleep and neurology centres across the world. These centres include some of the most recognised centres such as USA's Stanford, Mayo, and Albert Einstein centres of research and clinical excellence, amongst some other 20,000 Compumedics systems installed world-wide. The demand for our systems has never been greater as more and more people understand that the first step towards treatment for widespread neurological and sleep disorders is effective diagnosis.

Compumedics first established its' name by winning 2 prestigious NASA monitoring contracts covering the Space Shuttle and Space Station programs, followed by winning the first and largest sleep heart health study of its kind, funded by the USA Government.

In 2000 Compumedics listed on the Australian Stock Exchange and utilised these funds for the 2002 acquisition of the world leading supplier of EEG research instruments; Neuroscan followed by the 2004 acquisition of the world leading ultrasonic blood flow instrument company; DWL.

Today Compumedics are the technological leaders in medical device sectors of sleep monitoring and instruments for ultrasonic brain blood flow and EEG brain function analysis. The importance and growing awareness of sleep, neurological, stroke and cardiac disorders continues to underpin the demand for our products world- wide.

From a growth perspective one of Compumedics principal objectives is to match our technological leadership with sales and market leadership which can result in more than doubling our sales in the next 3 to 5 years.

Q. David Burton, why then have sales plateaued over recent years?

A: This is a good question and best answered with the factual and published financial data, but simply stated: firstly following a series of acquisitions undertaken between 2002 and 2004 the Company's revenues doubled in as many years, but so did the complexity of the business and the need to focus on reducing our costs, debt levels and general consolidation of our business units across the world. The success of this cost control and consolidation program is demonstrated by the Company's reduction of long term debt from 6 million dollars to 1 million dollars and a positive shift of 7 million in EBITDA since we started this cost reduction program in 2005.

Today we are a strategically and financially stronger company than at any other time in our history. From a strategic perspective we still retain majority equity control and are well poised to list Compumedics on international stock exchanges as the global markets continue to rally and recover.

Q. Will the costs disciplined be maintained while the company now returns to the levels of sales growth witnessed in earlier years?

A: Yes and in fact we have already implemented new programs to reduce costs and improve productivity as we move forward. Moreover, the Company has maintained R&D investment well above industry standards so that we now have new and refreshed products being released across all product sales divisions.

Subsequently, as sales are ramped up, the percentage of R&D costs will proportionally reduce, resulting in increased profits and subsequently improved value to stakeholders.

Q: David Lawson (CFO) I direct this question to you as Company CFO: What are the financial imperatives that demonstrate this positive outlook to the shareholders, moving forward?

A (DL): The basic thrust of the strategy, as outlined by David, is to ensure the Company grows to a size where it can deliver levels of profitability and growth expected by the markets and shareholders from a company/stock like Compumedics.

Therefore the financial imperatives for Compumedics are to ensure the Company delivers sales growth (historical levels of 20% to 30% pa), profits (>10% to revenues) and cash generation (similar to profitability) at least at market peer levels.

The Company must be able to achieve this independent of normal external economic conditions, principally being shifts in foreign exchange rates.

The Company has successfully completed two international acquisitions and fully integrated these businesses into the group, whilst restoring profitability and paying back the debt associated with these acquisitions. EBITDA has turned around \$7m annually in last the 4 years, bank debt has been reduced from \$6m to a bit over \$1m and we have maintained our R&D and product flow, which is vital to the next phase of growth. [Us it necessary to repeat DB's answer above?]

As a consequence the Company has successfully built the business over the last 5 years so that it does not rely on one product range for its revenues or so that the business is solely dependent on one geographic market. It must now simply increase its market penetration in each of its sleep disorders, neurological and ultrasound blood flow businesses so that revenues and as a consequence profits are great enough to ride out the external economic movements in any given six month period.

Coupled with this is the need to keep bank debt low and generate sufficient cash through the trading of the business to fund the working capital needs of a growing business, whilst selectively looking to raise capital to fund step-out growth initiatives that can be proven to add real stakeholder value.

If we can focus on achieving these basic financial requirements then we can deliver the growth in revenues and profits that market expects.

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Q: David Burton; what are Compumedics' strategic imperatives that will underpin this exciting future growth?

A (DB): The convergence of a number of unique factors provides an exciting outlook for Compumedics including;

Firstly, Compumedics has sound management and financial performance even during the recent global financial crisis:

The Company has a well established and proven reputation and export credentials;

The Company also has sound financial management which has resulted in cash positive and profitable operation for the past 3 years.

In other words we do not depend on future capital raising, future proof of sales or export reputation, or future R&D outcomes but rather are ready right now to increase our sales and marketing presence globally.

Important for these times, the company has virtually eliminated its debt, substantially reduced its cost base; and stabilized sales even during the Company's post acquisition consolidation phase, of the past 4 years.

Secondly, we have a number of specific growth strategies including the successful establishment last year of our German direct sleep sales division, which has resulted in winning some of the most prestigious German sleep and EEG reference centres, as published on the Australian ASX announcements.

Naturally, following these series of prestigious sales we are now searching for and employing some of the most successful clinical EEG and sleep sales champions for the USA, Germany and other regions.

Importantly, immediate growth strategies include the rapid emergence of the USA home sleep testing market (HST) where we are also now actively searching and once again we are in the process of searching for and employing new USA HST business development and sales executives.

Thirdly, Compumedics have a growing demand for their products.

While other major medical diagnostic companies have been distracted with mergers and acquisitions and other global financial stress factors, Compumedics is well positioned to lever its technological leadership to grow their core business in 3 new and exciting market sectors covering sleep, brain function and ultrasonic blood-flow.

These 3 medical device sectors cover some of the greatest global product demand as increased awareness of sleep, neurology, cardiac and stroke disorders continues to drive the need to monitor and diagnose patients. For example, 1 in 5 people have been noted to have sleep disorders, and most of these patients remain undiagnosed.

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Fourthly, we have announced a number of new breakout or spinout opportunities which include the new SomniLink sleep treatment systems. Somnilink continues to gain traction and is expected to be the subject of new announcements as we continue to commercialise this product and seek further market and strategic alliances.

Q: Finally David Burton; could you please wrap up the interview by summarising the Compumedics outlook?

A: Simply stated our medical systems have proven to win the majority of sales opportunities where our technology is effectively represented, but currently we enjoy about 1/3 to 1/10 of the market access we are capable of serving.

Therefore, Compumedics intend to increase sales from the current \$38m to \$100M per annum over the next 3 to 5 years, and based on earnings of between 10 and 15% this can represent a capitalization of between \$300M and \$500M when compared to similar medical diagnostic companies.

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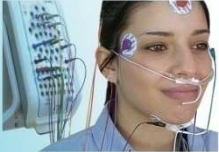
Corporate Overview and Capitalisation Strategy

April 2010

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>Neurological market expansion
>Home Sleep Testing (HST) USA
Breakout and spin-out opportunities
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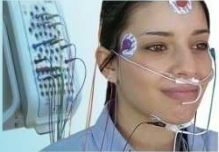
Driving Growth

Capital raising pathways
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Summary



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Values, who we are, vision, aim and purpose

Values: People; Ethics; Contribution

Compumedics is a world leading supplier of medical technology for patient monitoring.

Compumedics primary healthcare markets cover sleep, neurology and ultrasonic blood flow monitoring.

Our Vision is to set the innovative and technological standards for patient monitoring in our chosen markets.

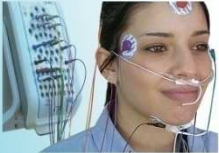
We aim to deliver superior returns to our shareholders by identifying and delivering high value-added, innovative and accessible medical technologies globally in our chosen markets.

We provide our customers with products and software solutions of superior technology, ease of use and reliability.

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A Business Snap-Shot Since Listing

- **1999** - Private company with turnover of \$9m pa with 45 staff (1 US based)
- Listed on ASX (**December 2000**) – raised \$11m (post costs/debt)
- **2002** purchased US based Neuroscan – world's leading brain source localisation software – Compumedics turnover \$34m, with 120 staff (50 US based and 4 German based)
- **2004** purchased Germany based DWL – ultrasonic blood flow business – one of the global founders of this technology – Compumedics turnover now \$38m, generating profits, with 160 staff (55 US based, 30 Germany based)
- **2005 to 2009** World class intellectual property portfolio built around sleep, brain and ultrasonic blood flow diagnostics and monitoring, lose about \$5m – grown too quickly, stretched the financial, management and human resource capability of the Company too far. Focus on restoring profitability paying down debt and focused investment in product development continues. Record profits of \$2.7m achieved despite economic conditions
- **2010 forward** - Poised, with the existing management team, to resume historical growth levels from key growth opportunities including new products - Grael® PSG/EEG, Neuvo® LTM EEG, new markets - HST in the USA and European expansion and sleep-treatment with SomniLink® SPAP®

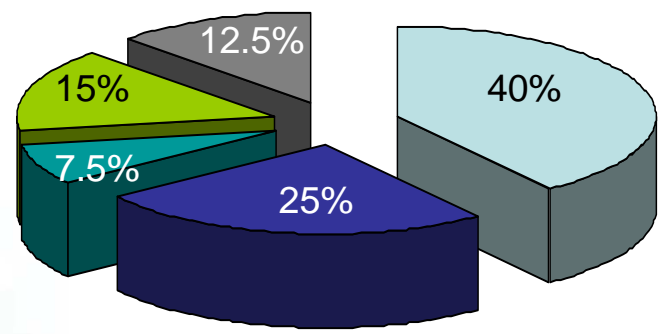




Business and territory revenue splits

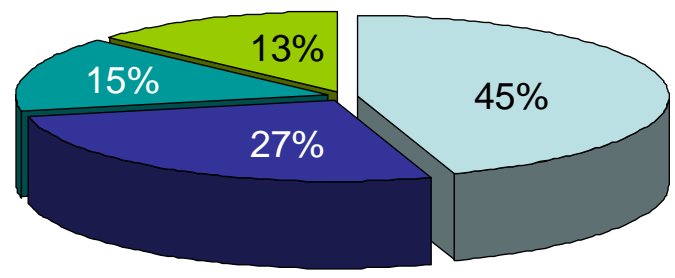
≈\$40m annual revenues % split by:

Business Sector

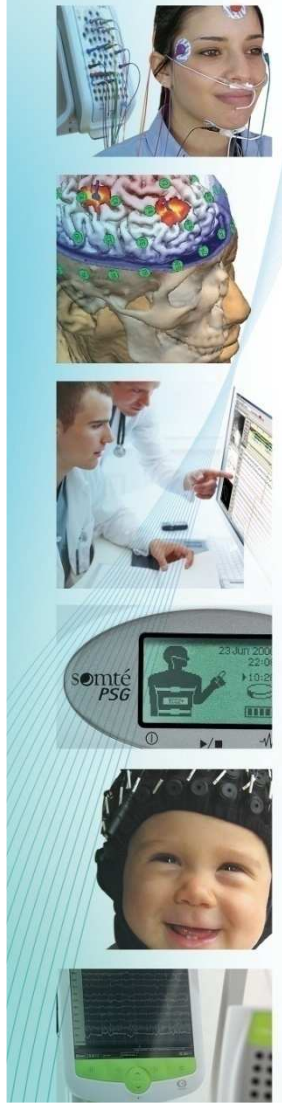


- Sleep diagnostics
- Brain research
- Neuro diagnostics
- Ultrasonic blood flow
- Supplies and technical support

Geographic territory



- USA
- Europe
- Asia
- Australia



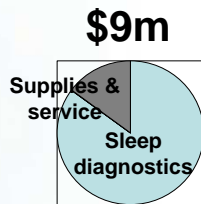
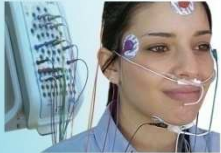
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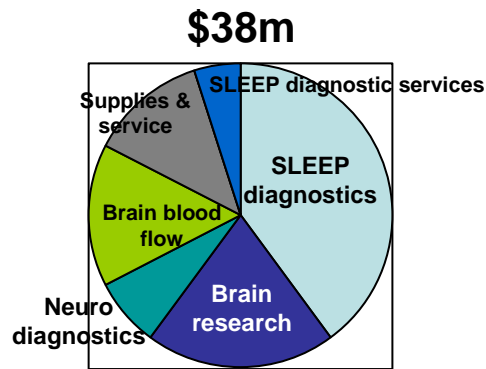
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The Business: Past, Present and Future

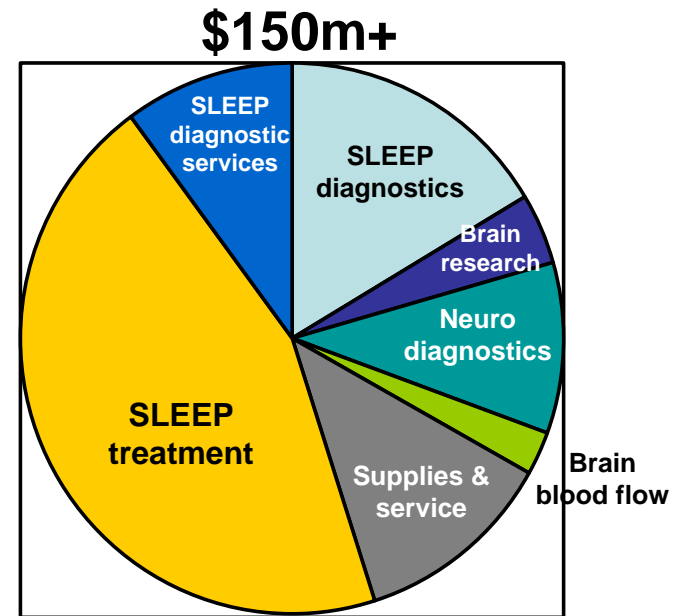
The past, present and future revenue percentage profiles of the business by market/product offering



1999



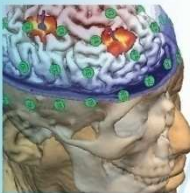
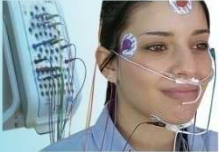
Today



By 2014



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Strategic Drivers - overview

The primary strategic drivers of growth in the core diagnostic business are:

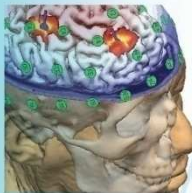
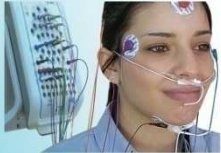
- European expansion
- Long Term EEG Monitoring (LTM)
- Home sleep testing (HST)

The primary breakout or spin out opportunities for the business are:

- Sleep-treatment
- Depth of anaesthesia monitoring
- Cardio sleep monitoring
- Driver drowsiness and vigilance monitoring



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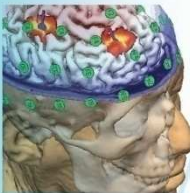
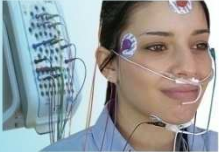
Strategic drivers – core business

European Market Expansion

- Compumedics to replicate its success with its US direct presence in Germany, based at its office in Singen. This forms a base from which to expand the European presence for the entire Compumedics product offering
- European markets as big as the US – in the US we have 10-15% market share in sleep diagnostics but in Germany less than 3%. Plan to grow revenues from USD3m pa to current US sales of about USD13m pa
- Sleep diagnostic products sold directly in Germany since October 2008 – 4 key reference sites (\$1m) won based on AASM compliant Somté® PSG. (Mannheim [26 beds], Berlin [12 beds], Cologne [13 beds])
- University Medical Center Freiburg chose Compumedics new Neuvo® LTM device (\$0.6m, or 6 beds) over all our major international competitors



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Strategic drivers – core business

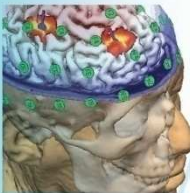
Neurological Diagnostics and LTM

- Existing world market - NEW product, NEW market opportunity for Compumedics
- Specific LTM global market similar in size to sleep diagnostics at USD220m pa
- Expect to replicate market penetration in LTM similar to sleep diagnostics – that is a \$10m pa incremental revenue stream
- Neuvo® LTM product is the integration of Compumedics and Neuroscan's neurological technologies
- University Medical Center Freiburg is the first international sale of the Neuvo® product to a key, internationally renowned site





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Strategic drivers – core business

Home Sleep Testing (HST) USA



- Approved by Medicare and allowed for with all major insurers
- Large undiagnosed market potential – up to 20% of US population said to suffer from sleep disordered breathing
- Compumedics has over 1,500 installed beds of sleep diagnostic equipment in the US to lever off
- Currently only about 4% of all sleep testing in the US is undertaken via HST
- Large untapped market for patients – follow up full PSG patients (post diagnosis and treatment), those patients who will not come to a sleep lab, those patients who cannot come to a sleep lab and low or no insurance patients
- DME (traditional suppliers of CPAPs) blocked from supplying HST devices by Medicare
- Market is still in early stages of development – other low cost medical testing/screener services in different sectors have proven low-cost testing or screening is viable (e.g. cardiac screener market).

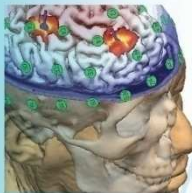
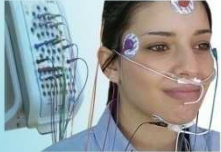


Strategic drivers - breakout / spin out opportunity

Sleep treatment



- Compumedics introduces its first device for the sleep-treatment market, SomniLink® SPAP®
- Sleep-treatment market is up to 10 times the size of the global sleep diagnostic market at approximately USD3bn pa.
- Compumedics has over 4,000 beds of sleep diagnostic equipment world wide – excellent referral base for the SomniLink® SPAP® with 800,000 CPAP units per annum referred [USD400m] from these beds
- SomniLink® SPAP® device is protected by families of patents
- SomniLink® SPAP® incorporates technological functions and features derived from Compumedics' 20 plus years experience with sleep-diagnostic technology



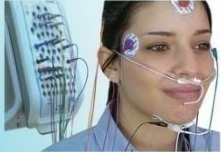


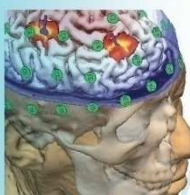
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Driving Growth and Key Opportunities

Continue organic growth or consider capital raising and accelerated growth via merger and/or acquisitions and spin-outs based off of the primary strategic drivers for the core business, and the breakout opportunities, being:

- European market expansion
- New LTM (Neuvo®) market opportunity
- New HST market opportunity
- Breakout opportunities which include:
 - New sleep-treatment (SomniLink® SPAP®) market opportunity (strategies for sleep-treatment include licensing and/or other spin-out options with focused capital raising)
 - Depth of anesthesia
 - Cardio sleep monitoring
 - Driver drowsiness and vigilance monitoring





Capital Raising Pathways

USA capital raising options

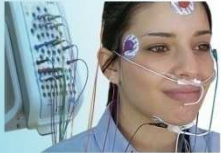
- Compumedics is uniquely positioned for a USA listing based on its leading USA position in sleep diagnostics, EEG monitoring and Doppler blood-flow and its low-cost Asia-Pacific R&D and operational base

Asia based, Europe or UK capital options

- Compumedics maintains a leading and long-held market position in Australia and the Asia-Pacific region, which is a logical base from which to consider capital options. Alternatively Compumedics has a growing presence in Europe, and Germany in particular, from which to pursue capital options in that region.
- **Private Equity**
Private equity could bolster the Company's M&A strategy and accelerate the global listing opportunities in either the USA or China for instance.



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Capitalisation Strategy

Restore Compumedics value

- Market value for existing core business to be at USD300 to USD500m within the next 3 to 5 years, breakout opportunities to be valued incrementally to the existing core business

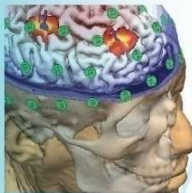
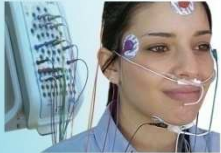
Assumptions:

- i) 15% NPAT; \$100M revenue: \$15M (revenue growth at least at 15% plus pa)
- ii) Profit/Earnings USA stock market multiplier based on above growth factors and share value yield based on present share issue and dilution factors: X 30
- iii) Based on listing per above recapitalisation value(30X15) : \$450 M (excludes breakout opportunities)
- iv) Breakout (Medical Innovation [MI]) structured as incremental value including;
 - Sleep treatment
 - Depth of anaesthesia
 - Cardio Sleep monitoring
 - Driver drowsiness and vigilance monitoring



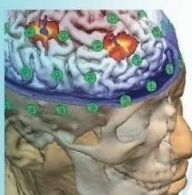
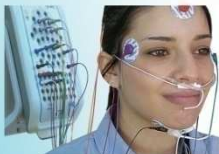
Merger & Acquisition strategy

- Remain independent (Key management own majority of CMP)
- Strong direct sales (Australia, USA and Germany)
- Vast distributor network of more than 50 distributors globally (Europe, Asia and Middle East)
- CMP will investigate potential to grow business with a M&A accretive strategy targeted to deliver >\$ 10M in sales and retain earnings growth and increasing positive cash generation





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Market opportunity-statistics

Market	2011	2012	2013
USD'000 per annum			
Sleep diagnostics*	250	260	290
EEG (neurology) monitoring**	470	520	570
Sleep treatment*	3,800	4,400	5,000
TOTAL	4,520	5,180	5,860

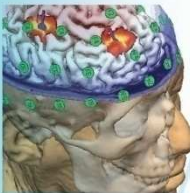
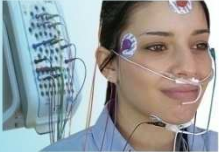
* Frost & Sullivan, 2010

** Internal estimate (TBV)

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Summary

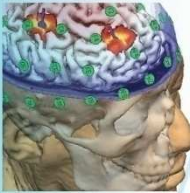
- Quality company generating revenues (≈\$40m pa), earnings, cash and virtually no debt
- Uniquely placed in three key new medical device global markets with strong growth opportunities being:
 - Sleep disorders
 - Neurology
 - Ultrasonic blood flow
- Established routes to market in key international markets
 - Direct sales in Australia, USA and Germany
 - 50 plus distributors in Asia, Europe and Middle East
- Key growth opportunities for the core business: European expansion, new LTM device; Neuvo® and the HST market in the USA
- Breakout opportunities include new sleep-treatment device; SomniLink® SPAP®, depth of anaesthesia, cardio-sleep monitoring and driver drowsiness and vigilance monitoring

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Thank you