



**ASX / MEDIA RELEASE**  
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**Compumedics Limited**  
**Business Update: Appendix 4D Release**

**Compumedics: Building momentum to  
deliver growth in a difficult but improving  
marketplace**

Leading Australia-based medical diagnostic devices Company, Compumedics **Limited** (**ASX: CMP**) announces a \$300 K operating profit after tax on \$16 million of sales for the six months ended 31 December 2009.

Total revenues and reported profits were down 6 per cent and 87 per cent respectively with profits being impacted by a negative \$3.6 million foreign exchange impact between the two half-year periods (\$1.1 million of which related to the current six month period to 31 December 2009). The reported profit impact between the two half years was only \$2.2 million adverse as a result of higher margins and ongoing tight control of expenses.

By contrast, orders-on-hand were down only 4per cent on the prior half-year as reported and were 4per cent higher at constant currency.

A credible result was delivered by the Company despite the US market remaining very challenging through to 31 December 2009 and the delayed FDA clearance for Compumedics new high-definition sleep diagnostic amplifier, Grael® HD-PSG, the world's first high-definition sleep diagnostic amplifier. As disclosed to market FDA clearance has since been obtained.

In the six month period, Compumedics has achieved significant in-roads with its German-based business expansion. The results being an almost three-fold increase in shipped and invoiced sales and an almost nine-fold increase in orders taken, in comparison to the prior half-year. Compumedics has also secured, and recently installed its first major Neuvo® long-term monitoring sale in Frieberg, Germany.

The Company was holding approximately \$3 million of orders-on-hand at 31 December 2009, of which about half were for newly released products. Many of the orders were received late in the December quarter and as a consequence could not be shipped for the half-year. These orders are currently in the process of being shipped and revenue will be recognised in the current half-year.

Importantly the Company's booked sales, as we approach the end of February 2010, are about 7 per cent ahead of booked sales at the end February 2009, reflecting increased interest in the Company's new product offering and tentative signs that the US market is improving.

Compumedics has successfully navigated through the Global Financial Crisis and its residual effects, which like for many other businesses presented a challenging and at times ferocious face to the business.

## **KEY FINANCIAL DATA**

### **Financial data for the six months ended 31 December 2009**

- Orders taken of \$18.2 million, down 4%, when compared to the prior half-year. At constant currency rates, orders were up up 4%
- Total revenues of \$16 million, down 6%, when compared to the prior half-year, up 1% at constant currency
- Reported net profit after tax of \$331K down 87% when compared to the prior half-year, down 7% at constant currency. The result included an unfavourable foreign exchange impact of \$1.1million
- Margins at 64% were up 3% compared to the prior half-year
- Operating cash remained solid at \$770K for the six months to 31 December 2009
- Cash on hand of \$1.6 million up 12% and bank debt of \$1.2 million down 37% when compared to the prior half-year. Whilst cash is down from June 2009 levels by \$1 million this has been used to retire bank debt and further strengthen the financial position of the business.

### **Operational milestones achieved for the half-year**

- Following the Company's growth objectives an incremental \$1million of sales was delivered in Germany
- New banking arrangements have been put in place that provide the Company with additional working capital facilities, more appropriate to the on-going needs of Compumedics
- FDA clearance for Grael® HD-PSG was achieved in January 2010
- First major sale of Compumedics' new Neuvo® long-term EEG monitoring device was achieved in Germany, with other territories to follow in the current half-year
- Compumedics SomniLink® SPAP® sleep-treatment device ramping up shipments early in 2010.

**In commenting on these results, Mr. David Burton, Compumedics Executive Chairman said,**

“This has been a good result in a challenging external environment. Particularly with US markets having remained constrained with tight capital equipment budgets and the double impact of a much stronger Australian dollar. Despite this Compumedics has had some very solid success in its German business and also with its new products. As a consequence we believe the Company is well placed to take advantage of any pick-up in the US market whilst continuing to aggressively expand our new product market penetration and our new geographic market opportunities.”

### **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:

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. To-date this market is still in its formative stages
2. The expansion of our core sleep-diagnostic and brain (neurological) monitoring businesses in Europe. Germany and France are currently being established as direct sales bases
3. Compumedics' entry 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 realising 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
5. Expanding the sleep disorders business into sleep-treatment with the development of the SomniLink® SPAP® system market.

Compumedics has the most sophisticated and advanced range of portable sleep-monitoring systems competing in the sleep diagnostics market. The Company 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. This study will have completed in the order of 20,000 sleep studies using Compumedics' portable monitoring equipment by the end of 2010. 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 enhancing its presence in its traditional US sleep laboratory market with the launch of its new Grael® HD-PSG sleep diagnostic device, the world's first premium performance high-definition sleep diagnostic amplifier.

Over the past six months, Compumedics has continued to have success with its direct sales strategy in Germany, Europe's largest and the world's second biggest market for sleep-diagnostic devices. The Company will continue to focus on this important market as we expend and build on our presence there.

Finally, the Company is entering the long-term EEG monitoring (LTM) market, a new and incremental market for Compumedics, with the launch of its innovative LTM product, Neuvo®. During the last six months Compumedics won the prestigious LTM account at the University Medical Center in Friburg, Germany. This sale and those to come will take Compumedics into an already existing, but new market for the Company, which has estimated existing annual sales of about USD250 million. Compumedics is well positioned to establish a 5 per cent share of this global market over the next couple of years representing the potential of about USD6 million pa in incremental revenues to the Company.

### **Compumedics Financial Outlook**

Compumedics expects the identified key growth opportunities to deliver an increase in revenues in the current financial year, dependent on the external environment continuing to stabilise and for external conditions to remain broadly where they were at the time of this release.

Beyond the current financial year, the Company expects to escalate revenue growth rates back to the more historical levels achieved by the Company following its listing on the ASX in 2000, whilst maintaining earnings growth and continuing to strengthen the Company's balance sheet. This will be dependent on the external environment continuing to stabilise and for external conditions to remain broadly where they currently stand and to gradually improve over time, particularly in the US and European territories.

Compumedics expects growth beyond the current financial year to result from a combination of:

- Organic growth from the core businesses and the key growth opportunities identified,
- The expansion of the business into sleep-treatment markets, and
- Opportunistic acquisitions that are identified as being complementary and incremental to the financial performance of the Company.

Strategically, the Company is undertaking a review of its capital structure, businesses and its board structure for the coming phase of growth ahead and is highly focused on the continued strengthening of the business and increasing stakeholder returns.

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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](http://www.compumedics.com)