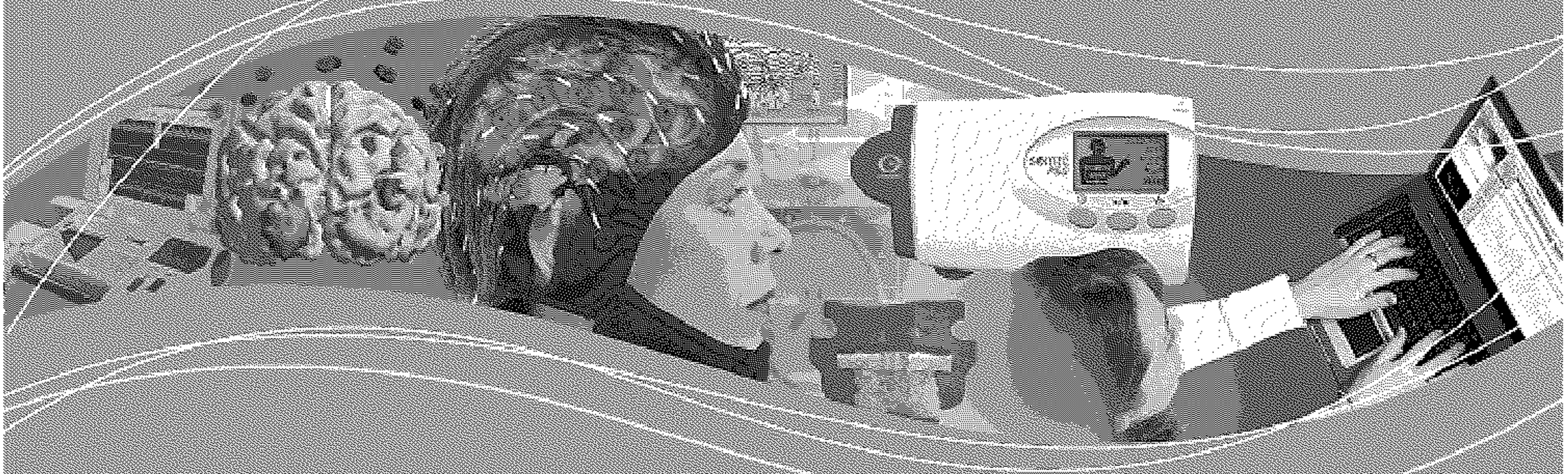
'Defining *Life's* Signals'

COMPUMEDICS



Annual General Meeting • November 2006

Agenda

- Meeting opens
- Chairman's address
- Ordinary business
- Meeting closes

Chairman's Address

Outline

1. Financial review – June 30, 2006.
2. Recent performance – 2005 issues faced.
3. Where we finished last year – 2006 financial year.
4. How we are currently trending - Q1 2007 update.
5. Strategy going forward.
6. Latest ASX releases to market:
   - Recovery affirmation – 20 November 2006
   - SHIL collaboration: Stroke diagnosis and treatment – 21 November 2006

Recent performance: 2005 issues faced

A short re-cap :

- Compumedics expanded rapidly over the period 2001 through to 2006, growing revenues 4-fold from $9m to $38m.
- Earnings in the same period were variable but not out of the ordinary for a small technology business expanding internationally.
- Compumedics acquired Neuroscan in Texas, USA during April 2002 and DWL in Singen, Germany during September 2004.
- In May 2003 the company initiated a restructure.
- The revised management and structure struggled.

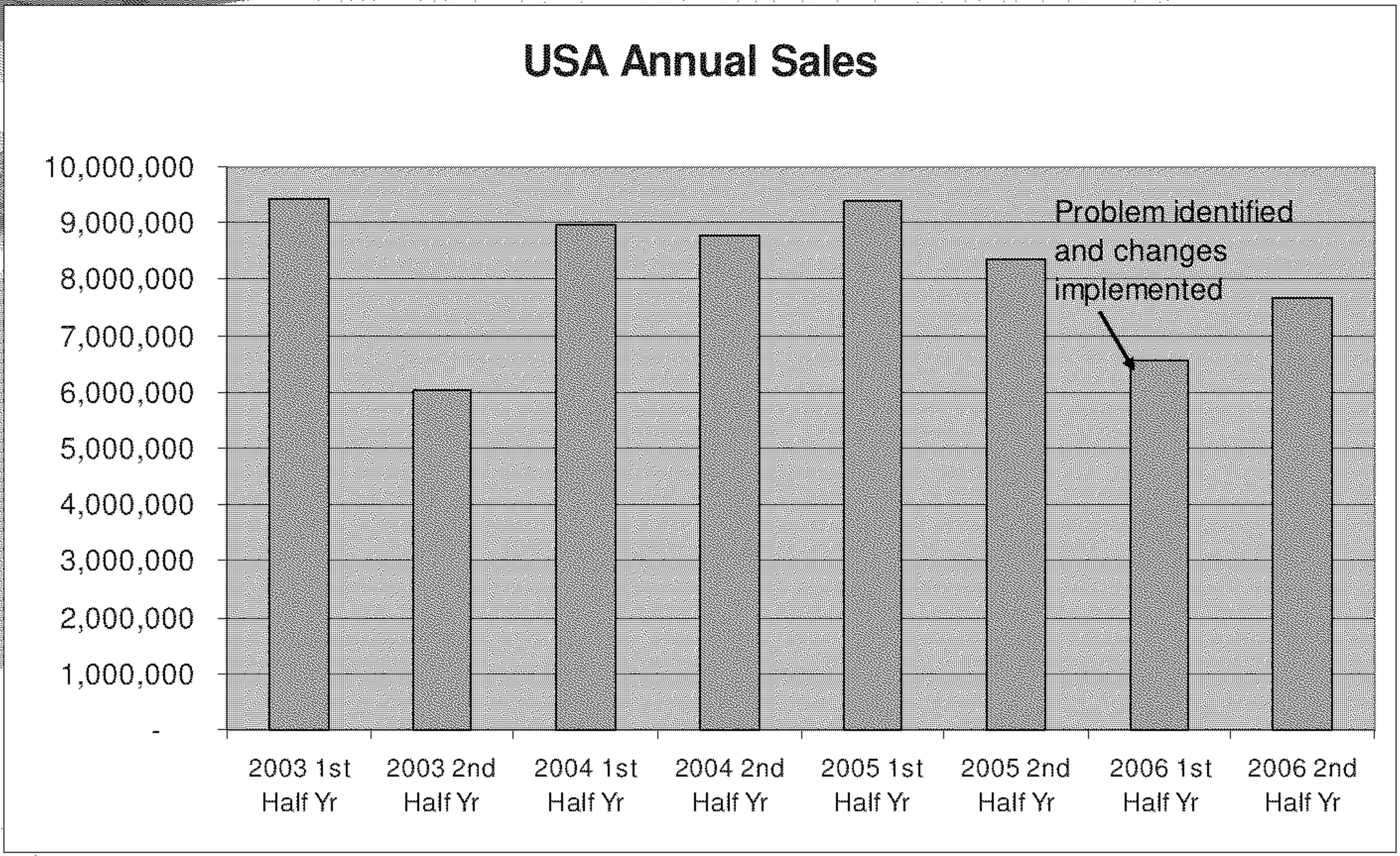
The Solution

- In August 2005 the Company corrected the 2003 structure and strengthened operational and Sales & Marketing management across the USA and the rest of the world.
- A rapid performance recovery program was also instigated.
- After the 6 months to June 2006 the Company announced its return to profitability.
- In the quarter ending September 2006 the Company affirmed its performance recovery with a 44% USA sales increase compared to previous equivalent period, major USA contracts, and confirmation of its Neuroscan acquisition strategy with a AUD4m German clinical EEG contract.

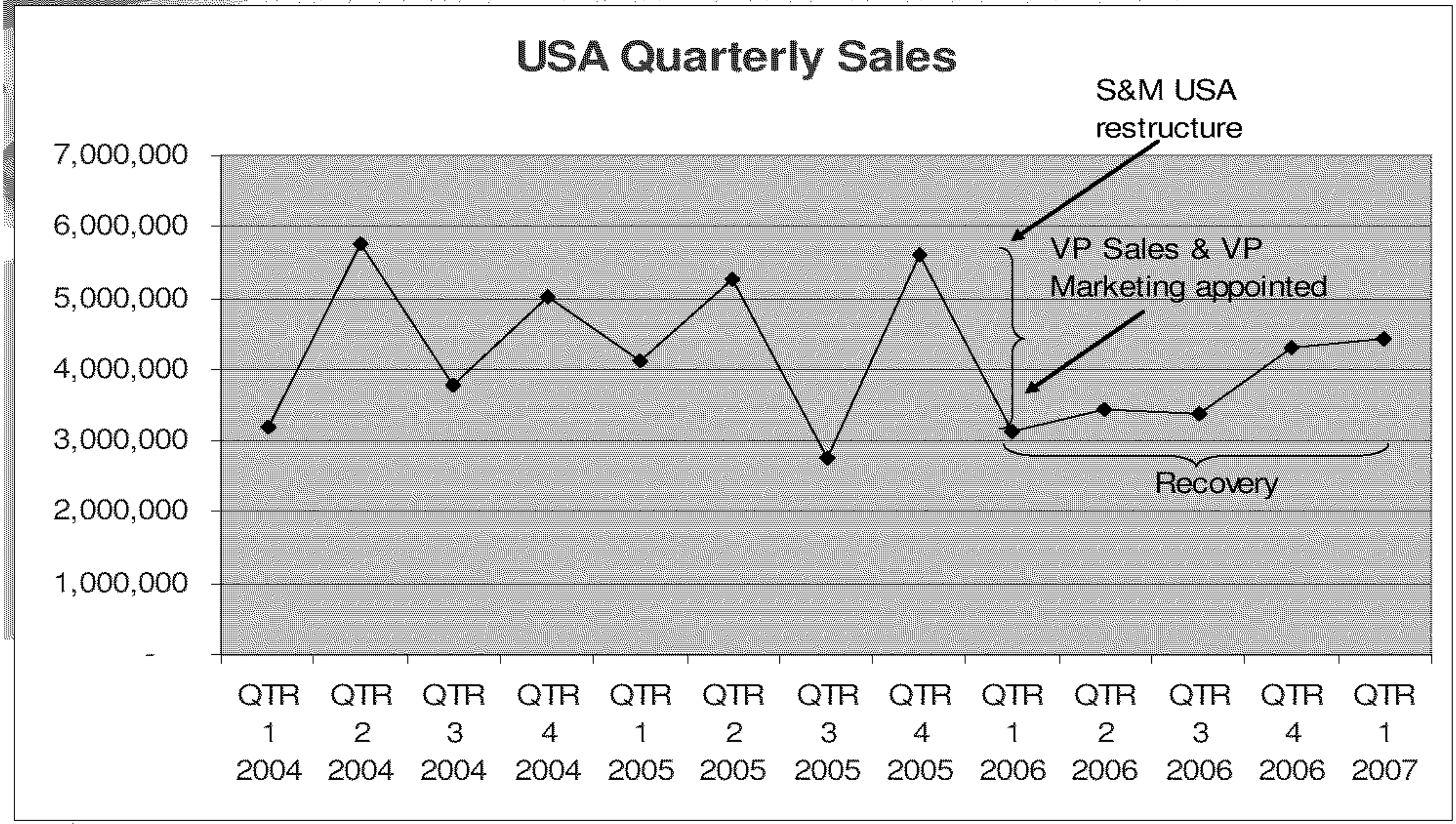
Recent Performance: 2006 – Where we stand today

- New USA, Asian and European sales management in place.
- Major expense reduction, and controls introduced to deliver sustainability in earnings moving forward ($4m annualised).
- Reduction of inefficiencies and waste.
- Real time business performance transparency through key measures across the entire business.

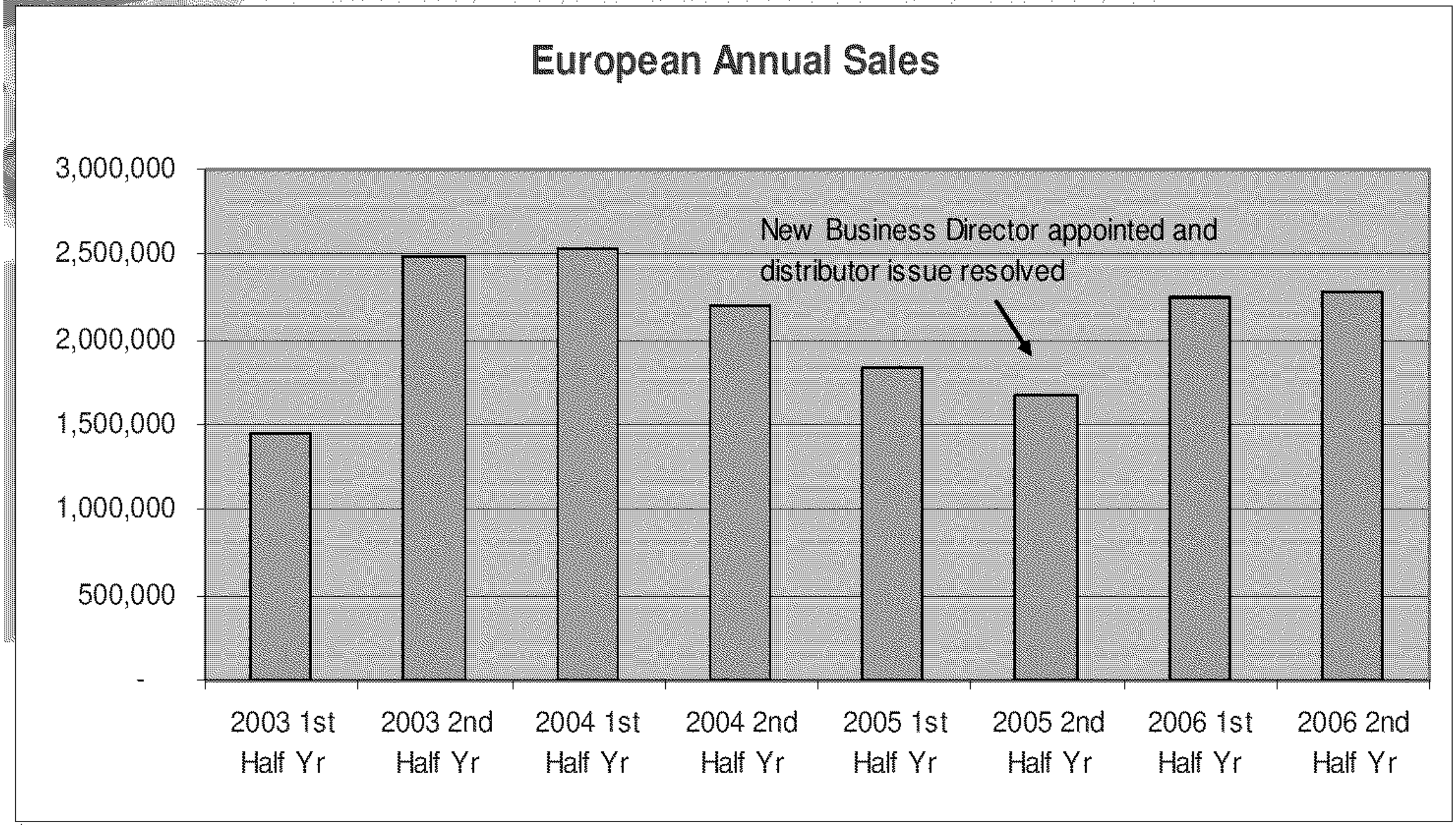
USA sales problem identified



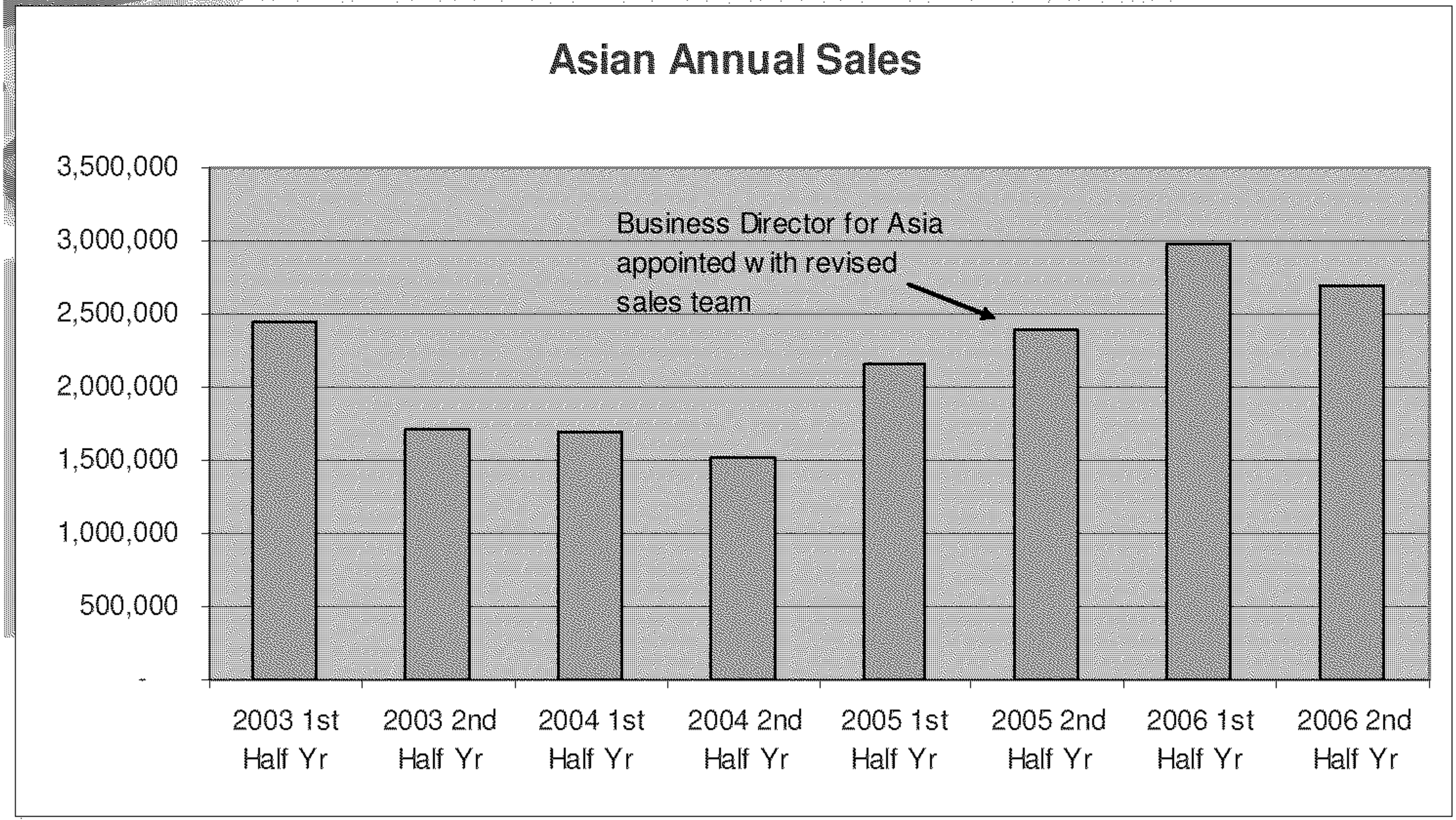
USA sales improving



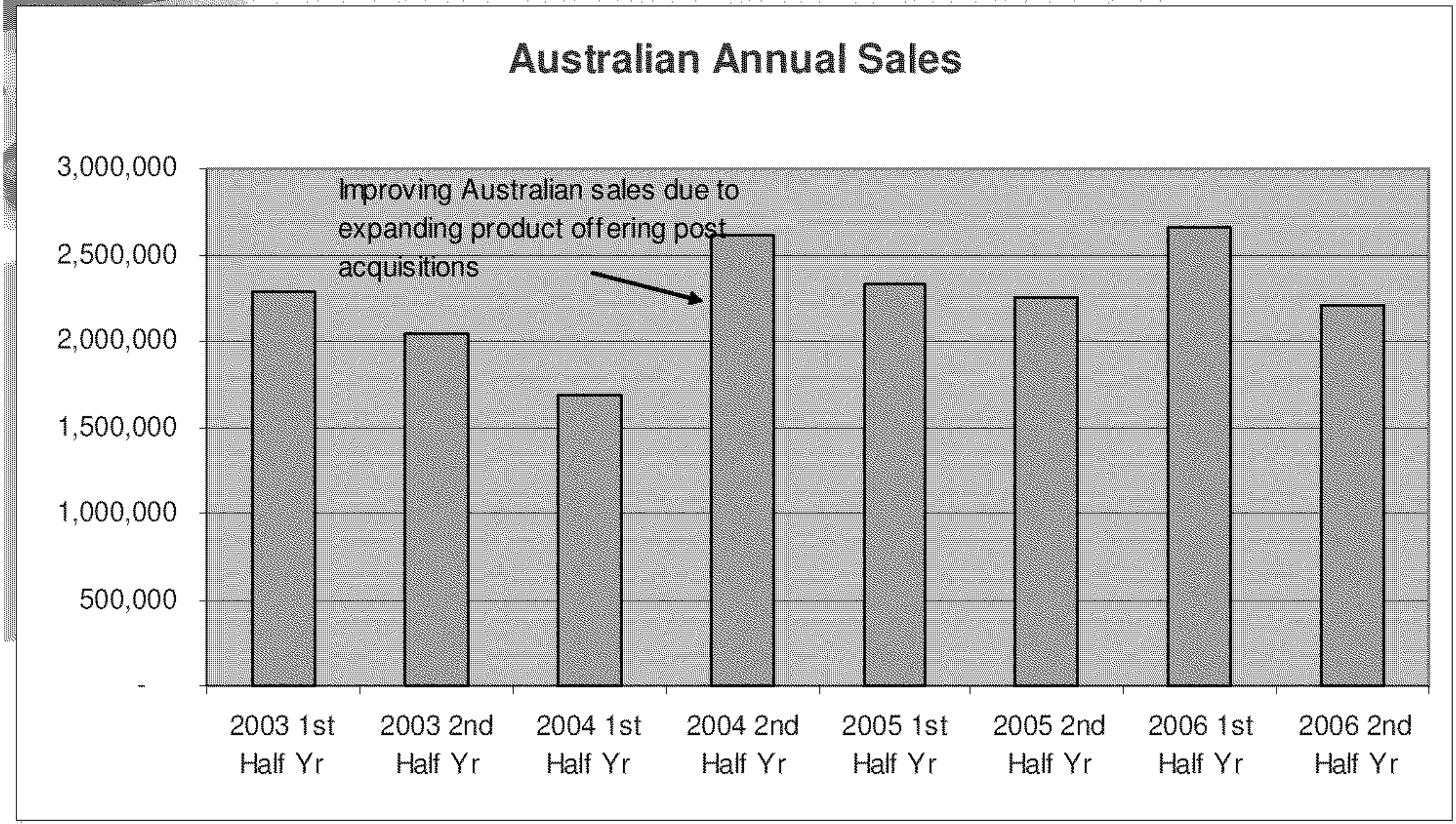
European sales improving



Asian sales improving



Australian sales growing



Recent Performance: 2006 – Where we stand today

- Revenues for the full year to June 30, 2006 were $37.7m or slightly down (1.8%) on last year, while costs in the same period were reduced 6.3%.
- Impact of legal dispute on after-tax profits for the year approximately $1.1m net of legal fees.
- Losses after-tax have been reduced from $3m at the half-year to $1.6m for the full year. Adjusted for extraordinary legal fees this becomes $0.6m.
- Cost reductions on an annualised basis of $4m taken out of the business, $1.5m of which is in the current year's results.

Recent Performance: 2006 – Where we stand today

- The USA sales finished the year down on last year's sales by negative 18% but importantly finished the second half positive 18% higher than the first half. The first time in 2 years the US business has posted growth 2nd half over the 1st half.
- Improvements were seen in the USA average discounting and subsequent positive impact on profitability.
- The European business grew by 40% from $3.3m to $4.6m for the full year ended June 30, 2006 compared to the same period last year.

Recent Performance: 2006 – Where we stand today

- The Asian business (excluding Japan) grew by 51% from $3.9m to $5.9m for the full year ended June 30, 2006 compared to the same period last year.
- The DWL business grew by 7% from $5.4m to $5.8m for the full year ended June 30, 2006 compared to the same period last year.
- The Australian business grew by 2% from $4.8m to $4.9m for the full year ended June 30, 2006 compared to the same period last year.

Recent Performance: 2006 – Where we stand today

- The business has removed approximately $4.0m in expenses on an annualised basis.
- The sources of costs were removed from the business commencing October 2005 and were largely completed by March 2006.
- The business has identified a further $0.5m to $1.0m in costs that can be removed from the business over the next 12 months.

Recent Performance: 2006 – Where we stand today

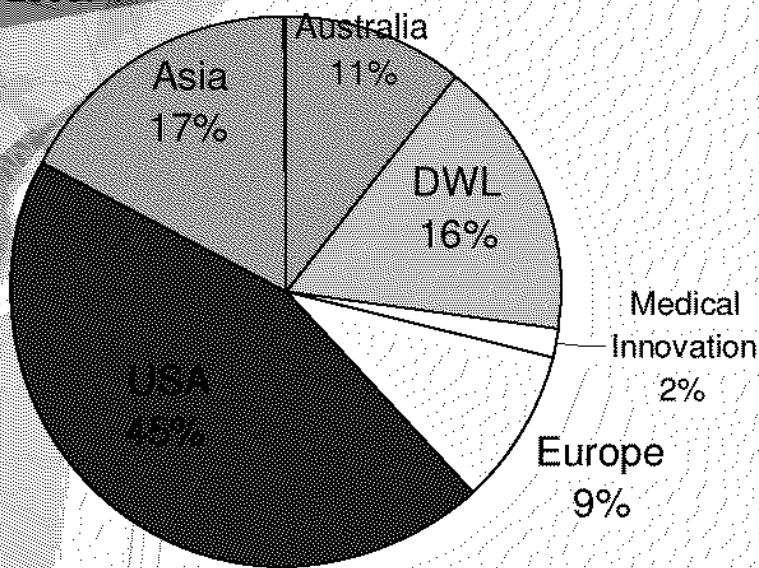
	2004 Actual	2005* Actual	2006 H1	2006 H2	2006 FY
Revenues	34.0	38.2	18.1	19.5	37.2
Margin $	19.4	20.3	9.8	10.2	20.0
Margin %	57%	53%	54%	52%	53%
Other Revenues	0.4	0.3	0.0	1.3	1.3
Expenses	17.4	24.5	13.3	10.4	23.7
Earnings from Ordinary Activities	2.4	(3.9)	(3.0)	1.4	(1.6)
Tax	-	-	-	-	-
Earnings after tax	2.4	(3.9)	(3.0)	1.4	(1.6)

The Company expects to break even or make profits but whilst a rapid recovery progress is still being emphasised, forecast of profit position will be deferred until turnaround is more established.

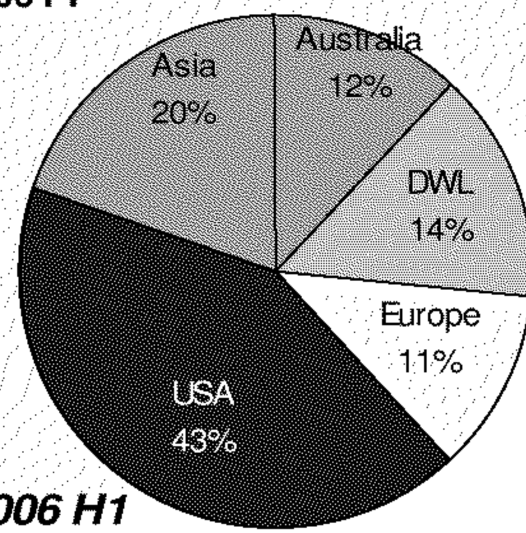
** Acquisition of DWL in Sept 2004 therefore not reflected in 2004*

Recent Performance: 2006 – Where we stand today

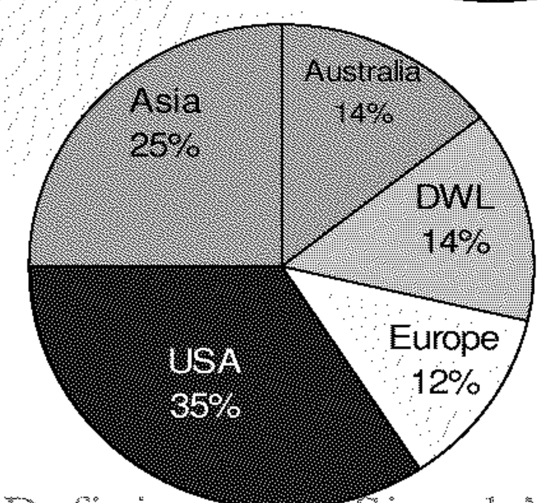
2005FY



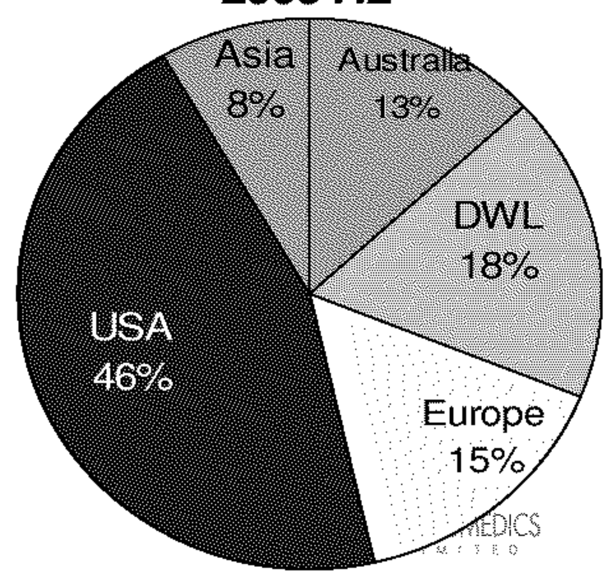
2006 FY



2006 H1



2006 H2



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How we are currently trending Q1 2007 – Update

- Record Q1 sales compared to any previous Q1 at $8.1m, some 6.6% higher than last year.
- Strong Q1 performance from the US business – US sleep diagnostic business has now posted 3 consecutive quarters of growth.
- Q1 loss of approximately $0.8m in line with budget and historical results for Q1.
- Q1 loss of $0.8m compares to last year's $1.9m loss for the quarter.
- Business in line with previous statements expects earnings to continue to improve through breakeven back to profitability in this half year to December 31, 2006.

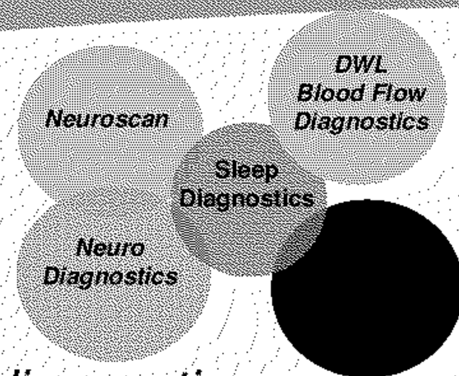
Strategy going forward: Market expansion

- International market expansion of the core sleep business.
- Expansion of core sleep-diagnostic and monitoring technology into the associated fields of neurology and cardiology.
- Expand recurring revenue base (sensors, electrodes and other consumables).
- Growth opportunities for core technology into stroke treatment, sleep treatment, fMRI and depth of anaesthesia.

Strategy going forward : Market expansion

- Maximise penetration of existing products into existing markets.
- Roll out of new generation hardware and software for existing products.
- Continuing vigilance on cost controls and further cost reduction possibilities.
- Tight management of working capital with particular emphasis on receivable and inventory management.

Strategy going forward : Market expansion



Building a global medical diagnostic company

- With Compumedics' core strategic edge being Sleep Diagnostics and
- 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 1999-2006, the company has 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 55% of sales. 90% of sales are exported world-wide.

Strategy moving forward : Core technology
Our Vision:

- Compumedics as a world leader in the diagnostic fields of:

  Sleep

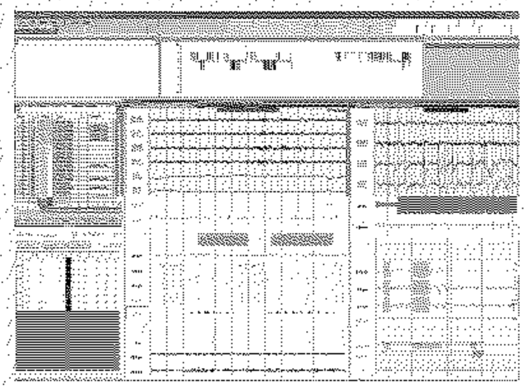
  Neurology

  Doppler Sonography

Quality treatment starts with diagnostics excellence

Strategy going forward : FY 2007

New Products



Profusion PSG 3

Nexus

Somte PSG

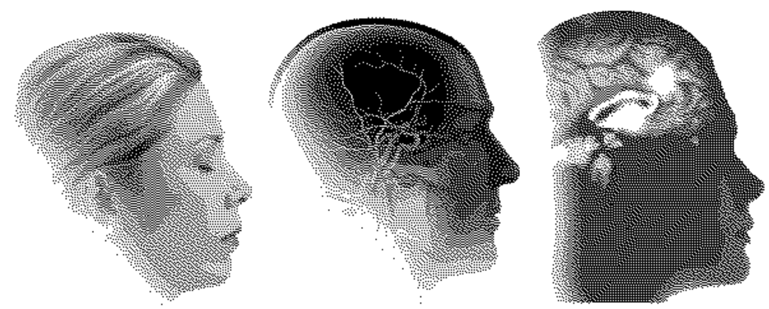
Neuvo

Strategy moving forward: Core 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 market

first discovered in the 1980s

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



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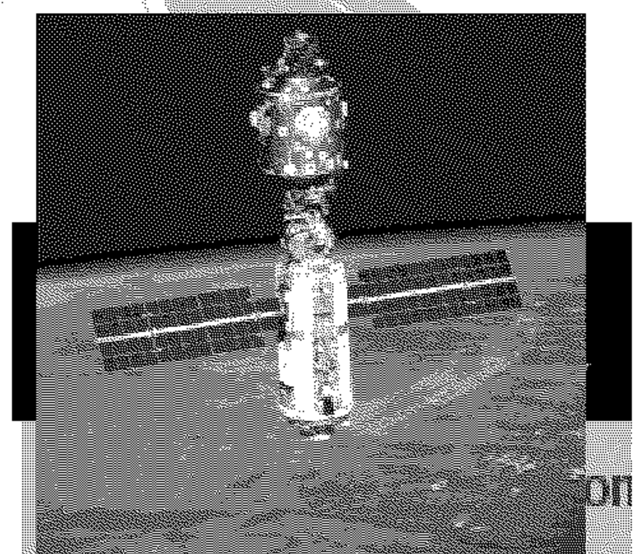
Strategy moving forward: Core technology

Sleep Market

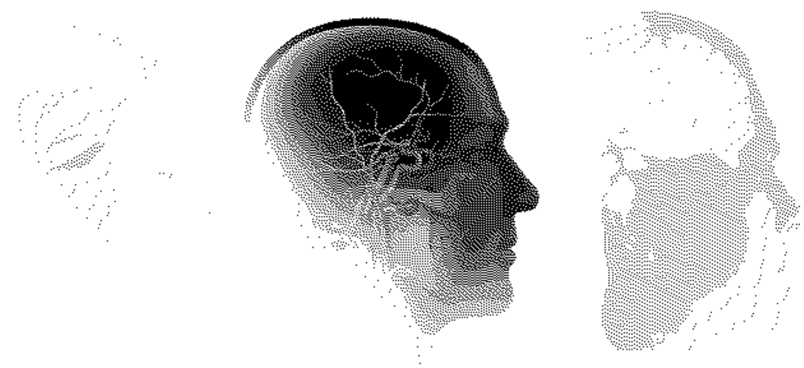
- *Pioneering of computerised PSG (CMP;1987) and CPAP treatment discovery [Sullivan, CE (1981), Sydney Australia]*
- *40% of the Australian Clinical EEG Market and 70% of the Australian Sleep Diagnostics Market.*
- *10% USA market share and growing in sleep diagnostics.*
- *Developed and installed Australia's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

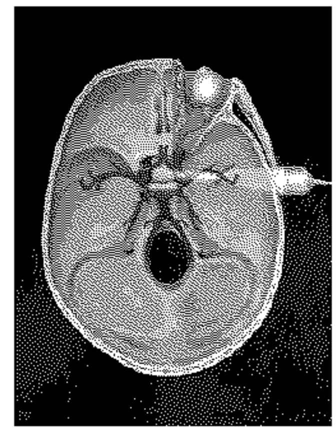


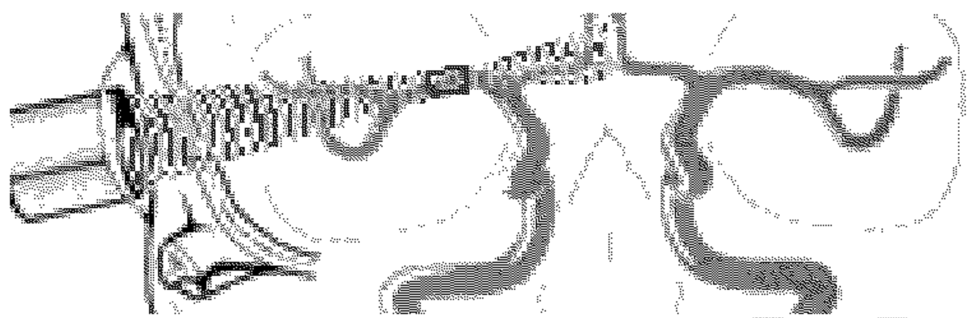
Strategy moving forward: Core technology

Transcranial Doppler (TCD) Market

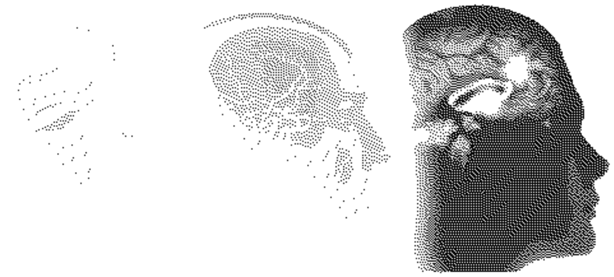
- *Developed by Dr. Rune Aaslid in 1982, today DWL's client*
- *DWL has a strong market share in Germany and well established distribution networks in Europe*
- *World's firsts include :*
  - *Bilateral Doppler ,*
  - *Emboli differentiation*
  - *Full digital doppler*





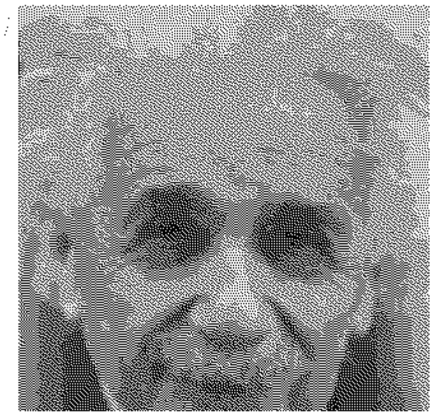


Strategy moving forward: Core technology



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 locationisation, merging of multi-modal neuroimaging data.*
- *World opportunity - $1.2b size of the industry of which we have less than 3% market share.*



MAYO CLINIC College of Medicine

STANFORD UNIVERSITY

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Business Recap

- Turnaround continues into Q1 2007 financial performance.
- US business growing strongly again.
- Cost control continues.
- Underlying earnings will improve.
- Strong new product/technology pipeline for the remainder of FY2007.

Ordinary business

Resolution 1. Financial Statements and Reports (non-binding Resolution)

Resolution 2. Election of Professor Graham Mitchell as Director

Resolution 3. Adoption of Remuneration Report (non-binding Resolution)

Resolution 4. Options issued to Director, Mr Bruce Rathie

Resolution 5. Redeemable Convertible Notes issued to D & DJ Burton Holdings Pty Ltd

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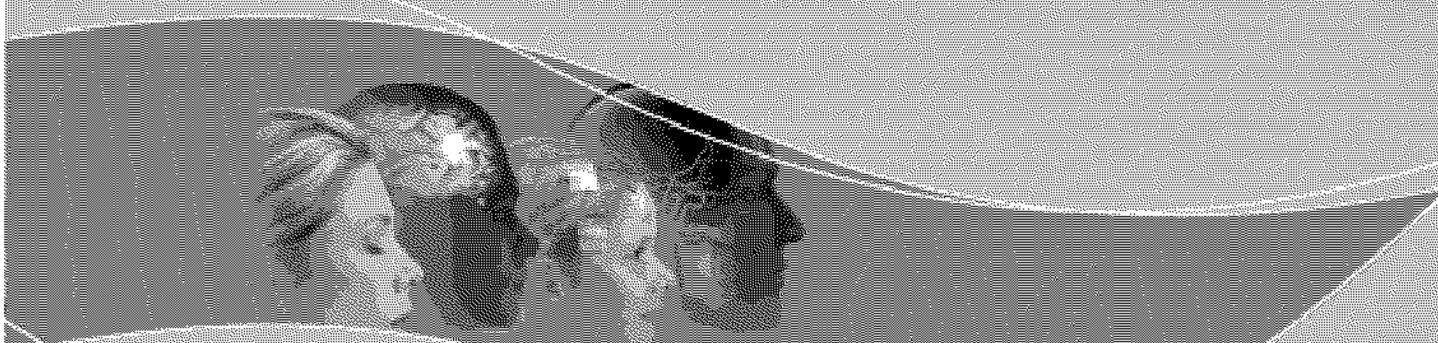

Thank You