



ASX / MEDIA RELEASE

BUSINESS UPDATE JANUARY 2007

Financial Outlook

Compumedics Limited (ASX: CMP) is pleased to report that its financial performance continues to strengthen. The company expects to announce its interim 31 December 2006 results towards the end of February 2007 and, subject to final audit, it anticipates it will be reporting record sales of about \$19 million for the six months ended 31 December 2006 together with a profit for that period, compared with a loss of \$3 million in the corresponding period ending 31 December 2005. This turnaround reflects the strength of the company's new structure and reinforced management team, the company's improved performance as a whole and, in particular, the US sales.

In response to this improved trading position, the company is well advanced in negotiating a more favourable financial package with bankers.

David Lawson, Compumedics' Chief Financial Officer and Company Secretary, has relocated back to the company's Melbourne head office after several years in the US where he was also responsible for working with the US management team in building the operations and supporting business infrastructure in that country.

In commenting on David Lawson's return, Executive Chairman, CEO David Burton said,

"David's relocation to Australia reflects the solid foundation that has been established in the US by the addition of the VP Sales and VP Marketing roles to the existing senior US management team along with the continued and strengthened contribution of the whole US team, as evidenced by the record sales achieved in that market over the past six months. The US has a very capable team of senior managers and employees, some who have been with the Company since the US office was first established in 2000."

"It also recognises the expanding global presence of the company with sales offices in Europe and Asia as well as the US and with a major operating base also located in Germany."

David joined Compumedics in 1999 and is an integral part of the senior executive team.

New contract in the US

Compumedics recently installed a state-of-the-art sleep-diagnostics laboratory at the Somerset Medical Centre in the United States. This \$1 million sale confirms the

growth potential of the large and growing US market for Compumedics and its prominent position in the US sleep-diagnostics market.

The installation for Somerset's "Sleep for Life" program resulted from a collaboration with Compumedics' wholly-owned US subsidiary, Compumedics USA, to create a new 20-bed sleep centre that is progressive in design and futuristic in concept. With Compumedics' diagnostics system as a key component, Sleep for Life is one of the largest, most comprehensive and technologically advanced sleep centres in the US.

"Compumedics is pleased to be the vendor of choice for Somerset Medical Centre's Sleep for Life in its quest to be one of the nation's pre-eminent sleep centres," said David Burton, Compumedics' CEO.

"Our state-of-the-art system will enable Sleep for Life to meet the pressing need for accurate and timely diagnosis of sleep disorders."

"What makes Compumedics the perfect choice for our new Sleep for Life is its combination of powerful hardware, precise and flexible sleep diagnostics software and ProFusion NeXus Laboratory Management Software," said David Flood, President, Sleep for Life.

"We knew coming in that NeXus was one of the most advanced data and total lab management packages available, and we wanted the best for our patients. Compumedics was able to meet our rigorous requirements to help us fulfil our vision: to make Sleep for Life one of the latest, most technologically advanced sleep centres in the nation."

With the NeXus LMS package, Sleep for Life is able to integrate each patient's medical file into Somerset's existing medical Information System infrastructure. Technicians at the centre can readily check study status, automatically and securely archive data, gain remote access via the Web from virtually any location as well as send data to and obtain data from Somerset's Cerner information system, based at the medical centre's main campus, five miles away.

**For more information about Compumedics you can visit:
www.compumedics.com**

**On behalf of: Compumedics Limited
Further Inquiries: David Burton
Executive Chairman, CEO
Phone: +61 3 8420 7300
Fax: +61 3 8420 7399**

**David Lawson
Company Secretary/CFO
Phone: +61 3 8420 7300
Fax: +61 3 8420 7399**

**Issued by: Bourse Communications Pty Ltd
Rod North
Executive Director
Phone: +61 3 9510 8309
Mobile: 0408 670 706
www.boursecommunications.com.au**

About Compumedics Limited

Compumedics Limited, founded in 1987, is a global leader in the design and manufacture of diagnostic technologies for sleep disorders, neurophysiology and cardiology. Compumedics dominates the Australian sleep diagnostic market, and has a major and rapidly growing presence in the US, Europe and Asia for its diagnostic monitoring devices.

The company's corporate headquarters are in Melbourne, Australia and has offices in the United States, Asia and Europe.

Compumedics businesses now include sleep-diagnostics (Sleep Division), Neuro-diagnostics (Neuroscan and Neuroscience Divisions), and non-invasive blood-flow diagnostics (DWL Division). All of these fields were pioneered or discovered in the 1980s, validated in the 1990s and are only now undergoing commercialisation into the rapidly expanding \$1 billion plus global market. The company has increased its sales more than 4 fold from \$9 million (1999) to \$38 million (2006), reflecting its continued commitment to an effective sales and R&D organisation.

www.compumedics.com