

'Defining *Life's* Signals'



> Annual General Meeting, November 2007

Agenda

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

Chairman's address

Over view

- Financial update – highlights
- Financial update - details
- Business unit revenues
- Geographic revenues
- Key activities completed
- Early FY2008 performance
- Outlook – financial
- Outlook – technology
- Recap

Financial update - highlights

- Major Turnaround in financial performance continues
- FY2007 profitable and operating cash positive
- Sales stabilised despite adverse impact of USD/AUD
- On-going substantial reduction in operating costs
- Bank debt significantly reduced
- R&D pipeline maintained
- New breakout SPAP technology released

“Restructuring working and Compumedics is back on track!”

Financial update - details

- Gross margins up 7% over the previous year to 59%
- Operating expenses decline \$2.8m for FY2007 compared to FY2006. Down \$5m compared to FY2005
- EBITDA up to \$1.3m profit compared to prior year loss of \$0.5m
- Profit after tax at \$0.1m is \$1.7m better than the prior loss of \$1.6m

Financial update - details

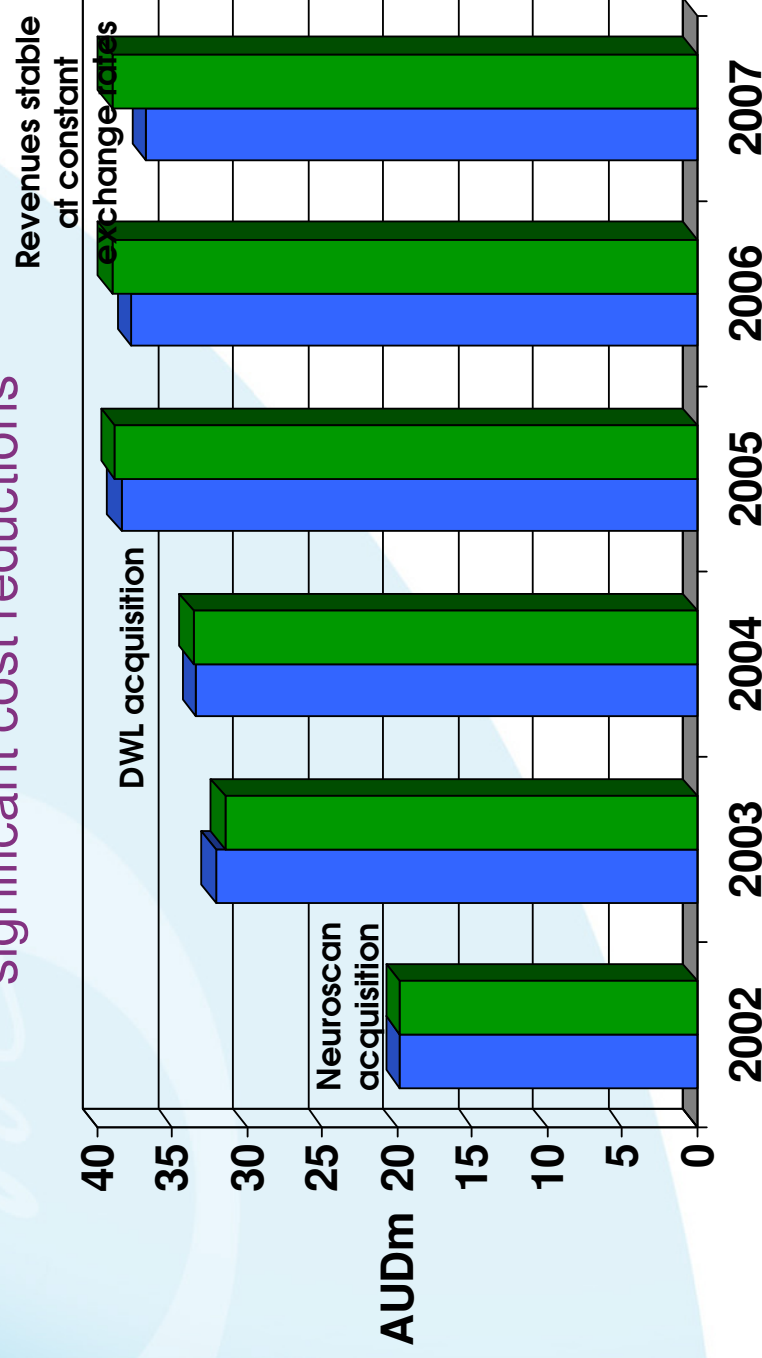
- Borrowings were substantially reduced from \$6.4m in the prior year to \$3.4m at end of FY2007
- Borrowing costs at \$0.9m were 80% higher than the prior year's \$0.6m
- Sales in USA (+11%), Europe (+16%), Australia (+5%) and DWL (+6%) were up but not enough to counteract the fall in sales in Asia (-36%), the latter primarily being attributable to adverse temporary Chinese regulatory changes
- Net Foreign exchange was a \$1m loss for FY2007 being a \$1.3m adverse movement from FY2006

Financial update - details

	2004 actual	2005 actual	2006 actual	2007 actual
Revenues (\$m)	34.0	38.2	37.7	36.7
Margins %	57%	53%	52%	58%
Other income	0.4	0.3	1.3	0.1
Operating Expenses	16.8	24.3	22.1	19.5
EBITDA	2.9	(2.6)	(0.5)	1.3
NPAT	2.4	(4.7)	(1.6)	0.1

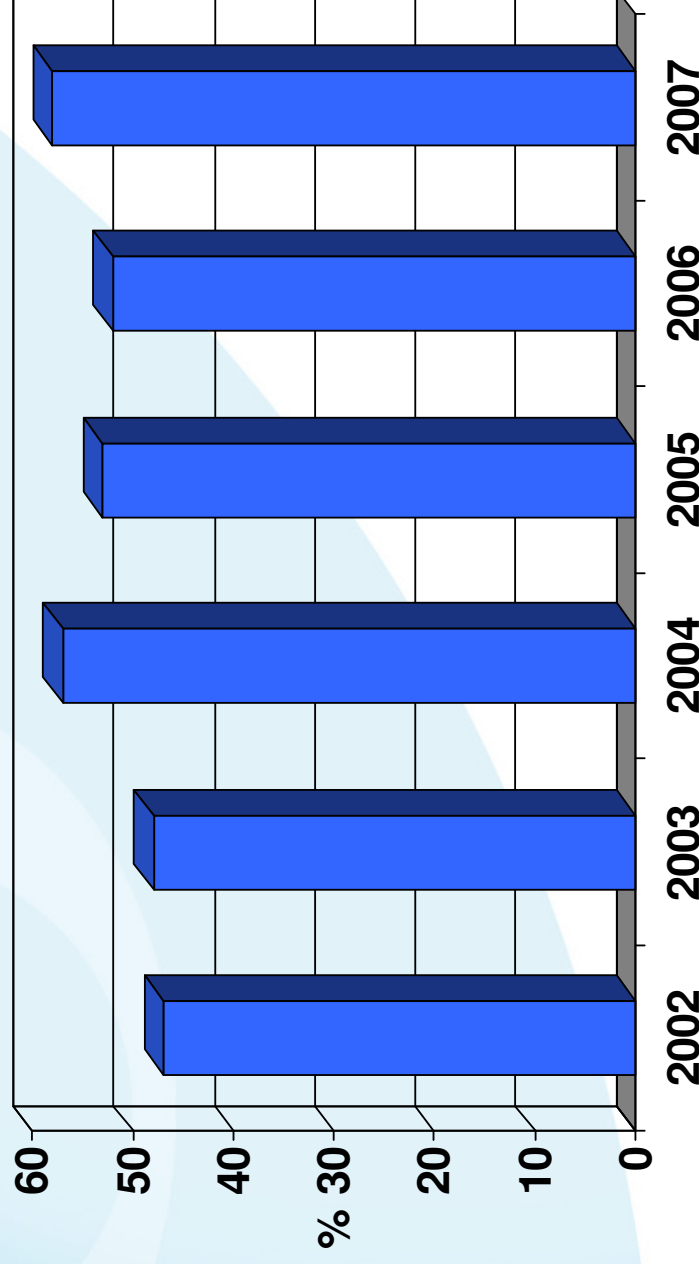
Financial update - details

Total group sales stabilised despite rising Australian dollar and significant cost reductions



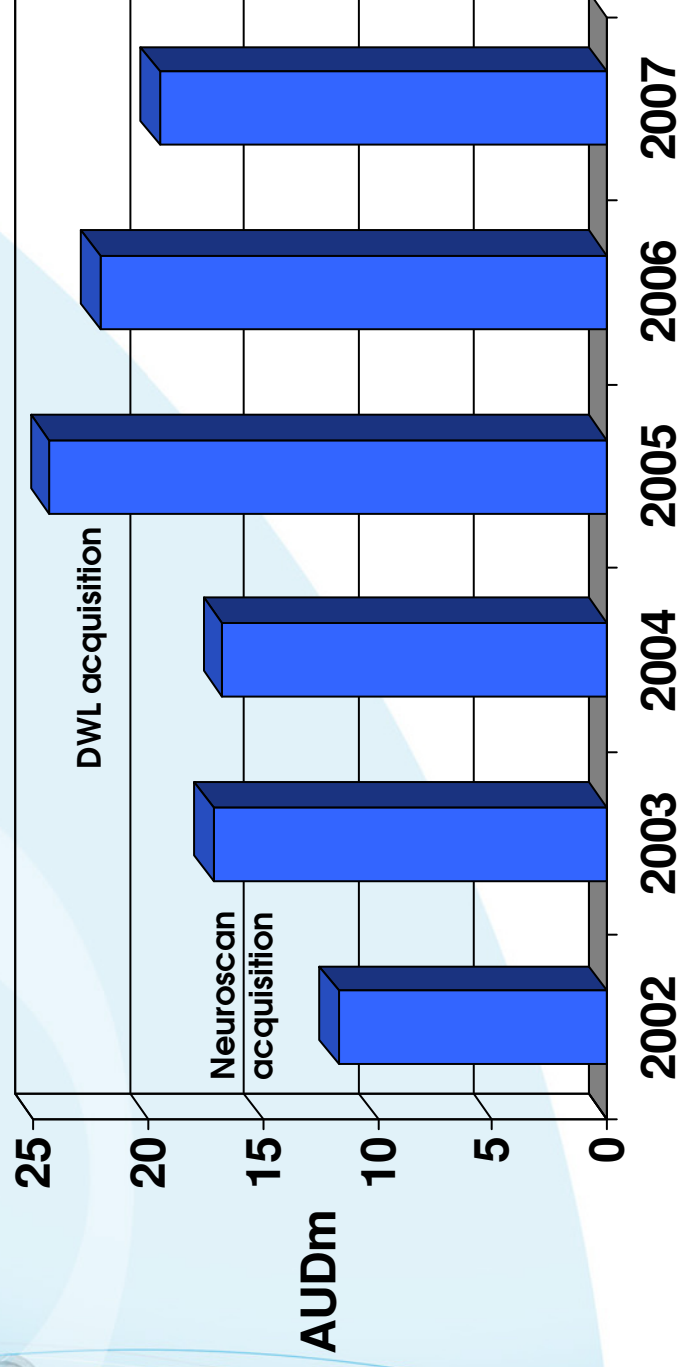
Financial update - details

Gross Margins % improving as a result of on-going restructuring and cost improvements programs and despite the surging Australian dollar



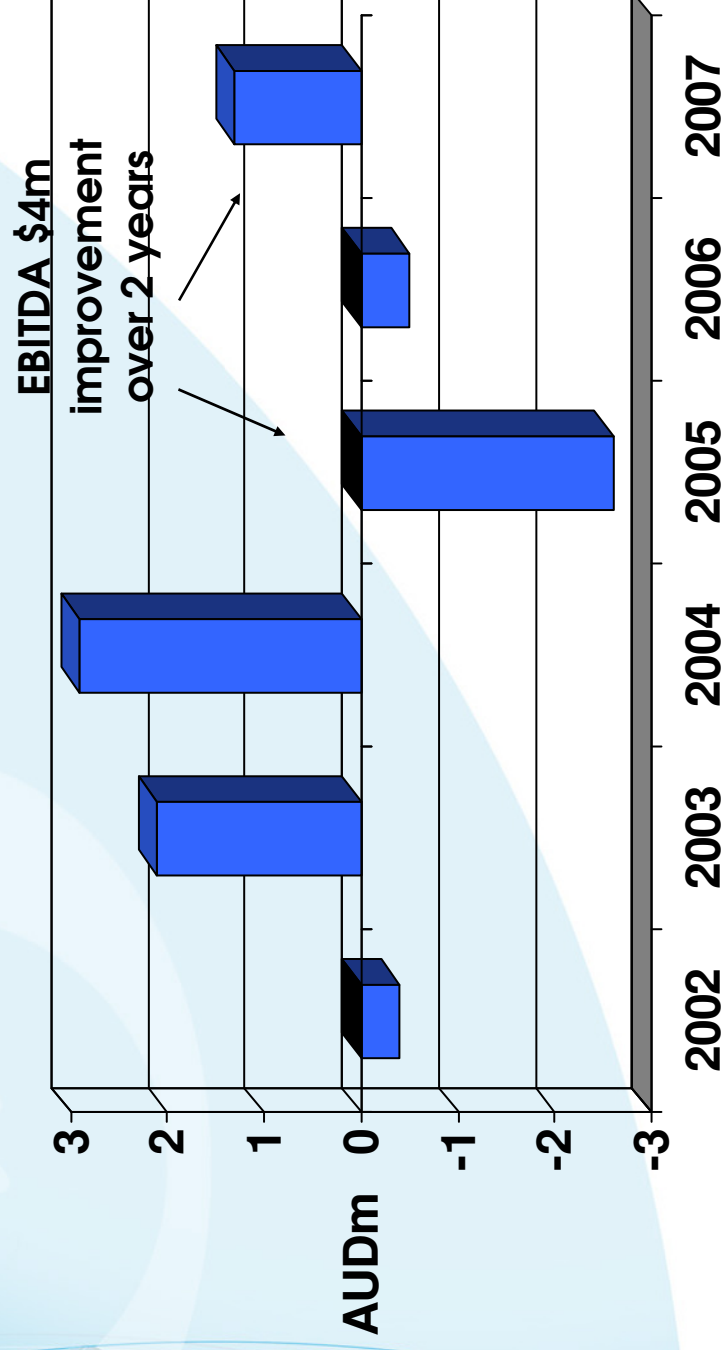
Financial update - details

Operating Expenses continue to decline - \$5m (>20%) over the last two years



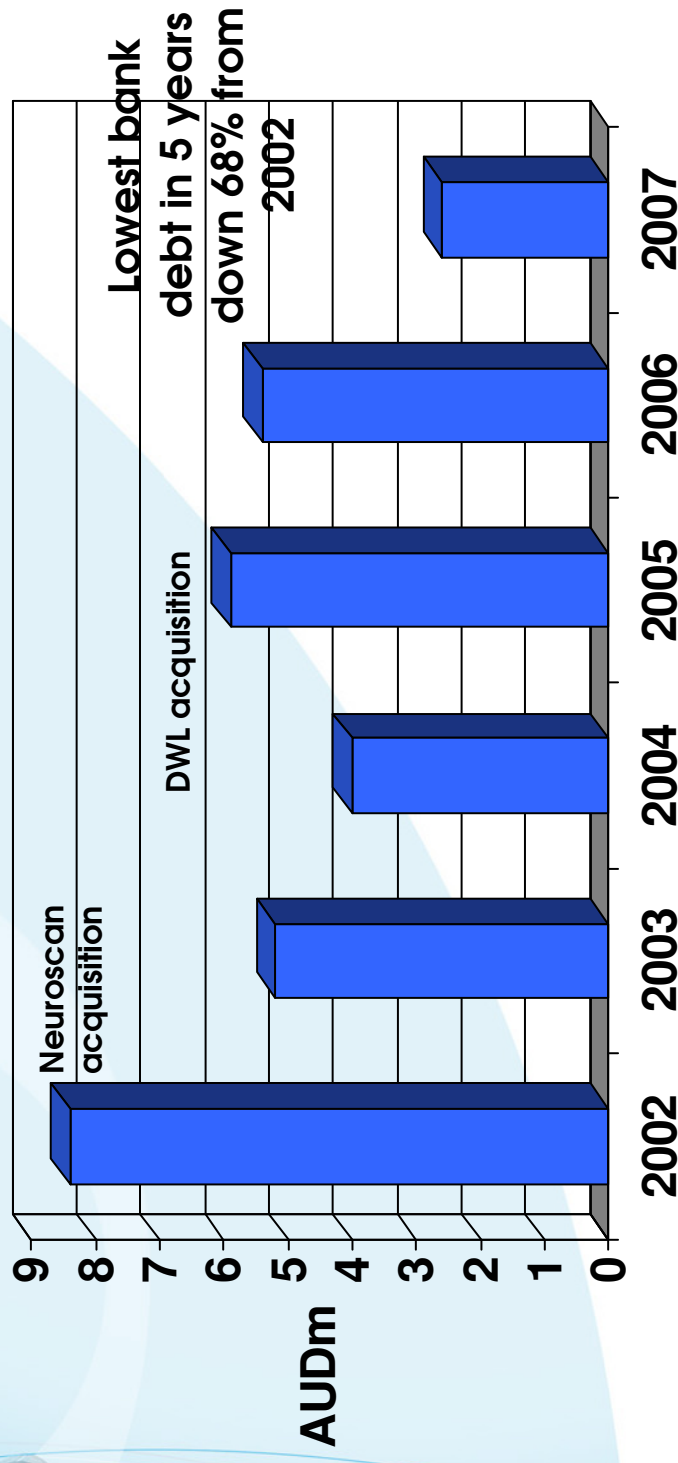
Financial update - details

EBITDA returned to profitability at current revenue levels



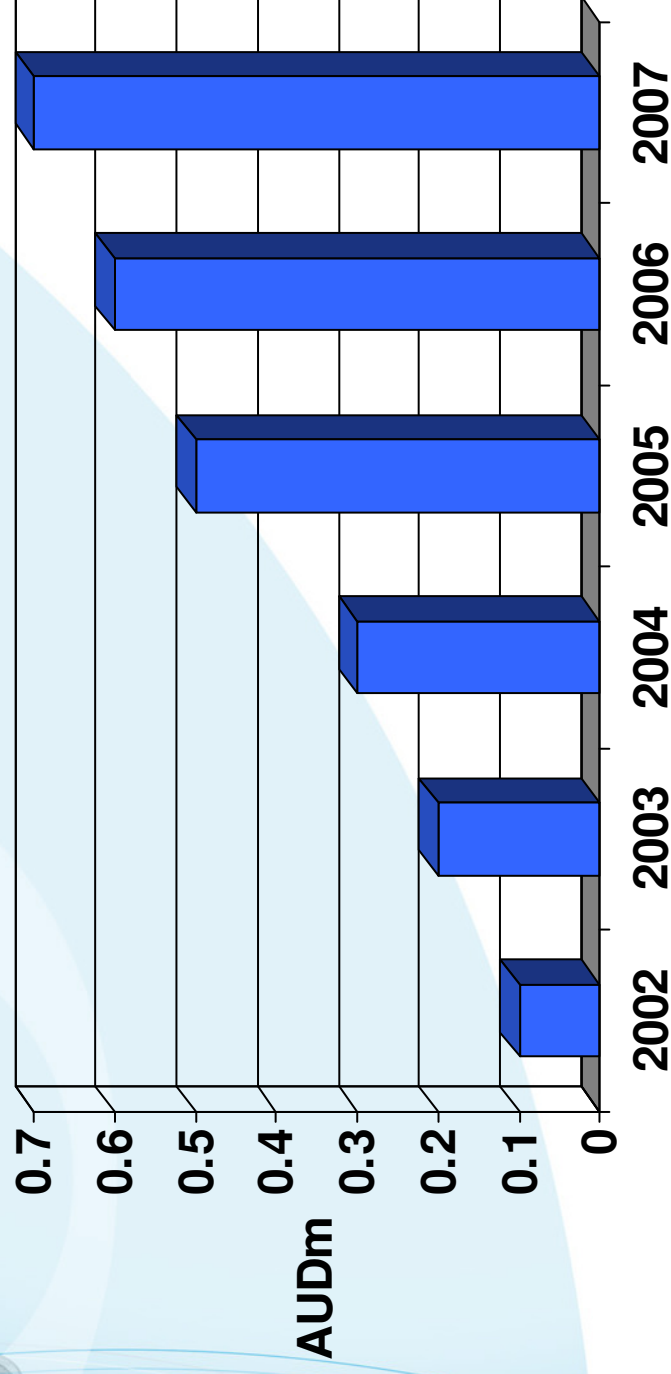
Financial update - details

Bank debt paid down through some fairly tough times



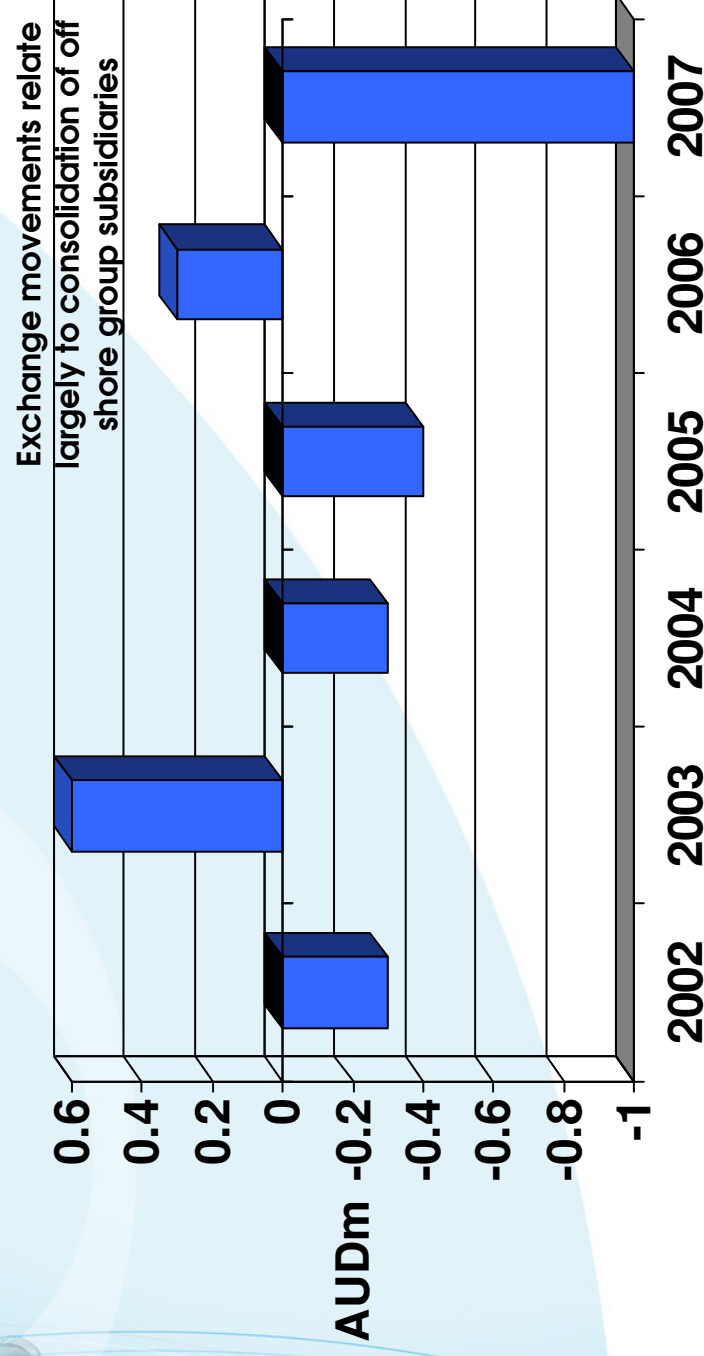
Financial update - details

Bank costs escalate despite debt repayment



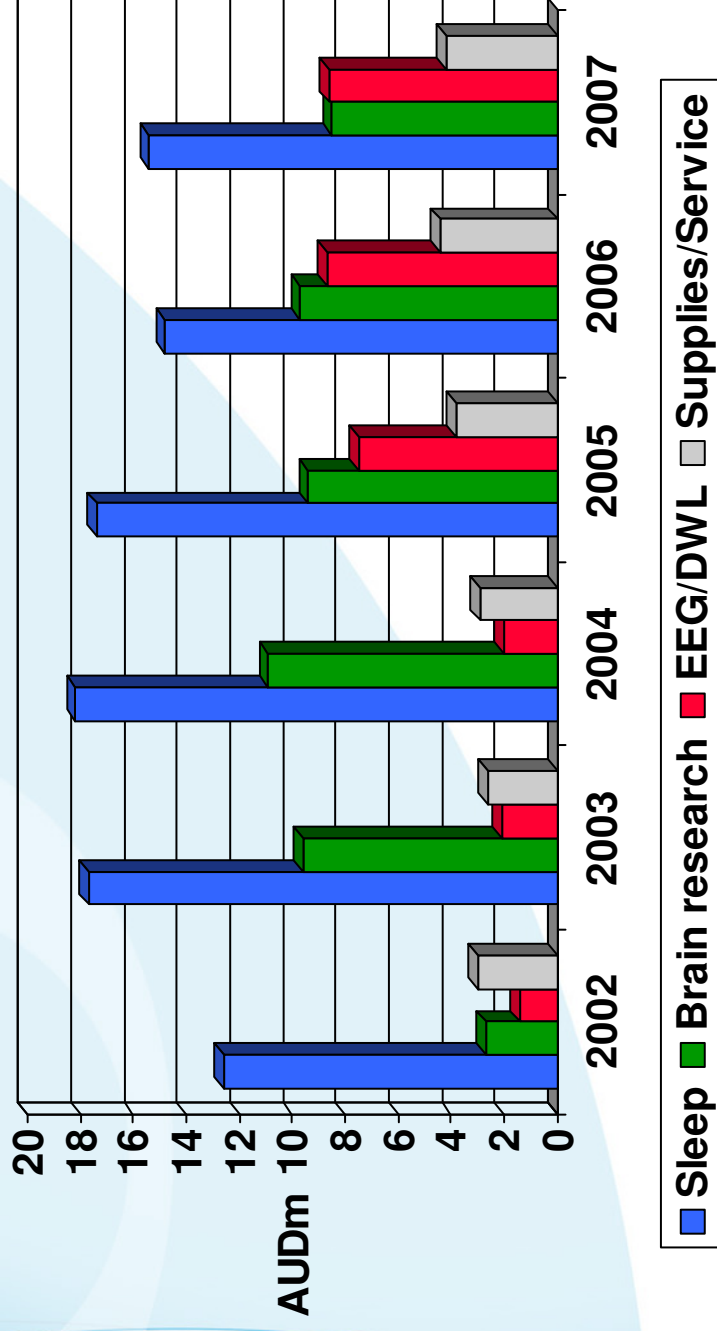
Financial update - details

Foreign exchange impacts adversely in current financial year

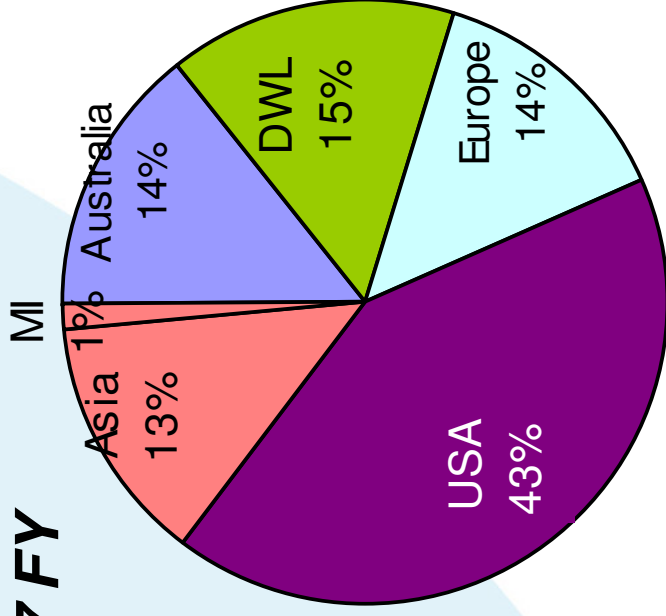


Business unit revenues

Business unit revenues stable across all business units with annuity-style supplies revenues increasing

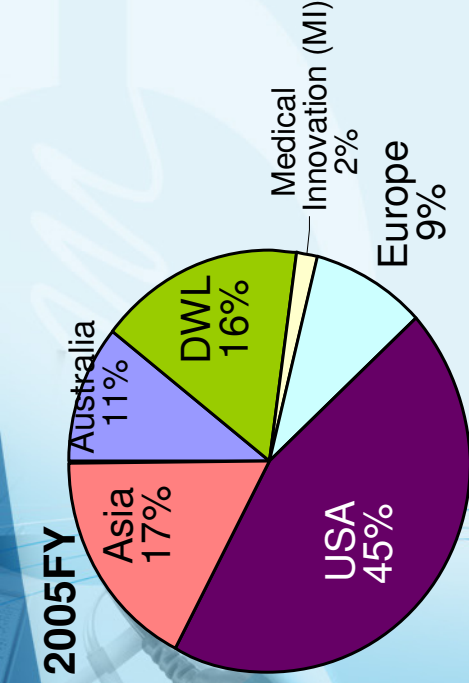


Geographic revenues



2007 FY

MI



2005 FY

Australia

Asia

17%

DWL

16%

Europe

9%

Medical Innovation (MI)

2%

USA

45%

Australia

Asia

20%

DWL

14%

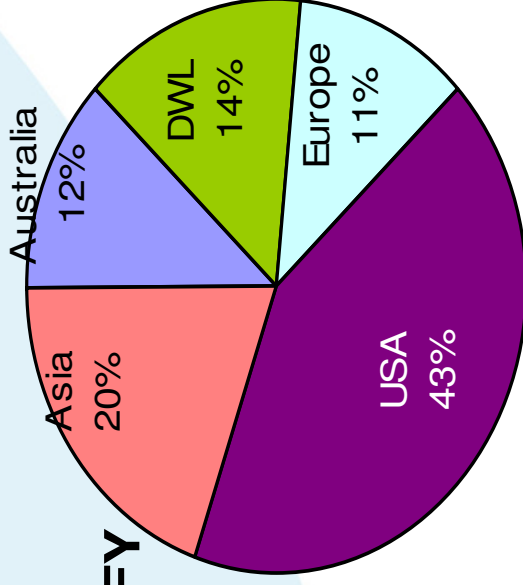
Europe

11%

USA

43%

2006 FY



Key achievements completed in FY2007

- New distributors signed up for Europe with incremental sales commitments of \$10m over the next three years
- Sub leasing of 1/3 of property in Abbotsford (saving \$200k pa approximately from May 2007)
- Relocation of US office from El Paso, Texas to Charlotte, North Carolina (saving USD50k year one and USD100k pa thereafter)
- Release of next generation sleep diagnostic software Profusion PSG3
- Release of new ambulatory sleep device, Somte PSG
- Frost and Sullivan Technology Leadership of the Year Award
- Initial commercial sale of SPAP technology
- Compumedics inducted into Victorian Manufacturing Hall of Fame

Early FY2008 performance update

- Group as a whole is tracking to plan
- Australian business is performing well consistent with strong domestic economy
- Cost containment continues – business in US has moved to Charlotte further USD100k pa saving.
- USD continues to fall against the AUD which does have a negative impact on the business
- New market opportunities for existing products currently presenting themselves in Europe and the US. First opportunity for USD1m has been delivered in October

Early FY2008 performance update

- USA business – Neuroscan is approximately 45% higher for the first four months of trading compared to the same time last year in USD
- USA business – Supplies business is about 20% higher than same time last year in USD
- Asian business – Japanese business is 108% higher than the same time last year
- Further \$250k in bank debt has been paid down since year end
- DWL business is up approximately 30% for the first four months of the year on orders taken

Outlook - financial

- International market expansion of the core sleep business.
- Expansion of core sleep-diagnostic and monitoring technology into the associated fields of neurology and cardiology.
- Expanding recurring revenue base (sensors, electrodes and other consumables).
- Growth opportunities for core technology into stroke diagnosis and treatment, sleep treatment, fMRI, depth of anesthesia and vigilance monitoring are developing.
- Sleep treatment opportunity being progressed as we speak.

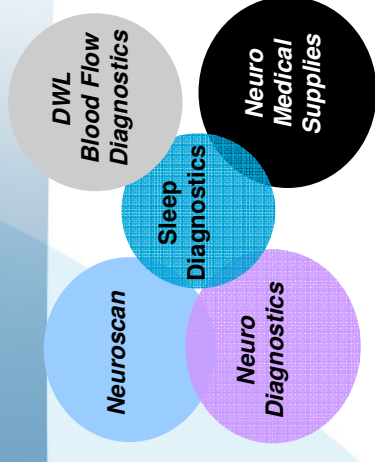
Outlook – financial

- Maximise penetration of existing products into existing markets
- Create new opportunities for existing products into new markets
- Roll out of new generation hardware and software for existing products.
- Continuing vigilance on cost controls and further cost reduction possibilities
- New bank with new facilities currently being put in place with settlement expected mid November
- Tight management of working capital with particular emphasis on receivable and inventory management.

Strategy

Building a global medical technology company

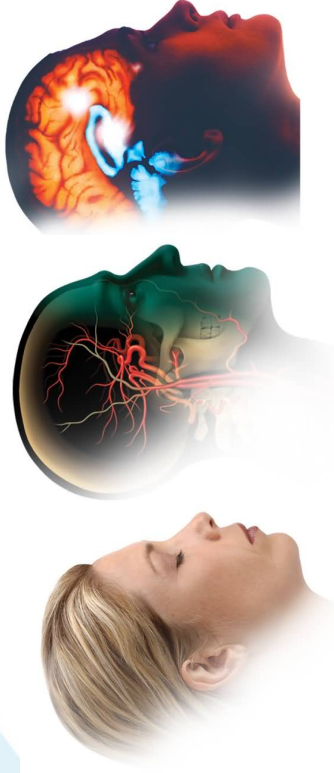
- With Compumedics' core strategic edge being Sleep Diagnostics
- Leveraging this technology into related fields including Neurosciences, Cardiology, Brain Research, Neuromedical supplies. Combined, these markets have annual sales of more than AUD 1.2 billion.
- In 2002, Compumedics acquired US-based 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 1999-2007, the company 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 43% of sales. 86% of sales are exported world-wide.



Strategy

No other company has the world's leading technology
and/or market position covering
3 of the key rapid growth new-generation medical
technologies
first discovered in the 1980s

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



Outlook - Strategy

New Break out treatment devices

- Secure OEM SPAP deal for Europe
- Secure OEM SPAP deal for USA

Core business

- Establish new growth programs for the US and European markets
- Rollout new LTM products and other neurophysiology products to expand neuroscience growth outlook

Communicate to market

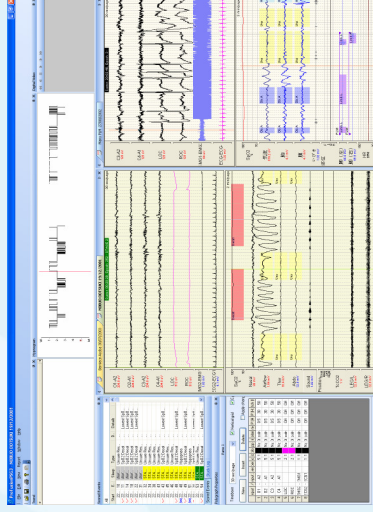
- Cautiously but firmly communicate to market as growth and profits materialise but avoid speculation

Technology

New Products



Nexus



Profusion PSG 3



Somte PSG

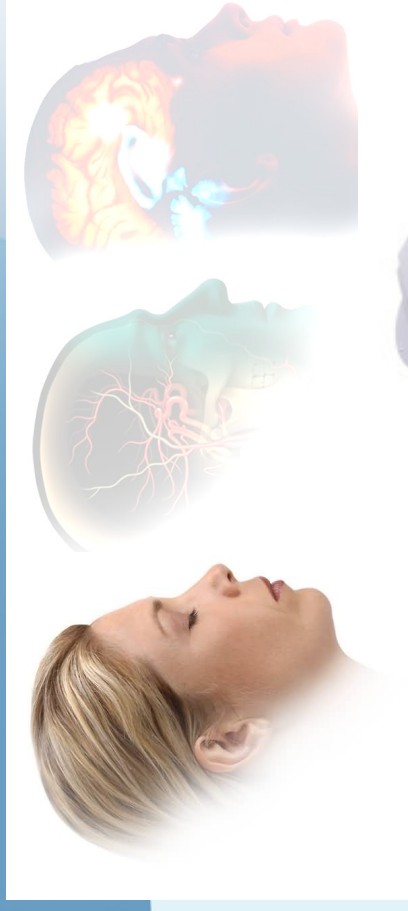


Neuro

Markets

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.



Epworth



Sleep Heart Health Study



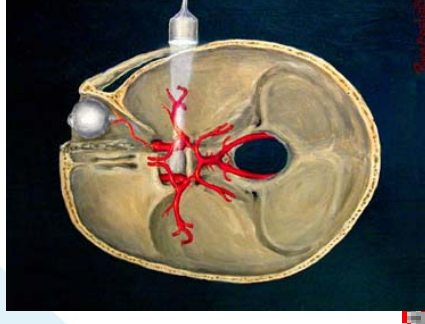
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Markets

Transcranial Doppler (TCD) Market

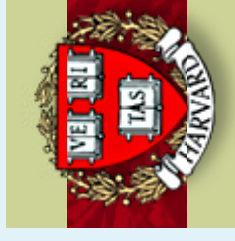
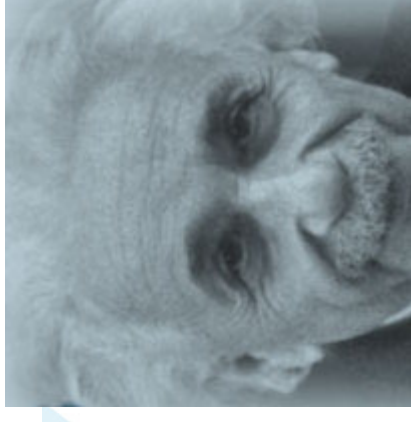
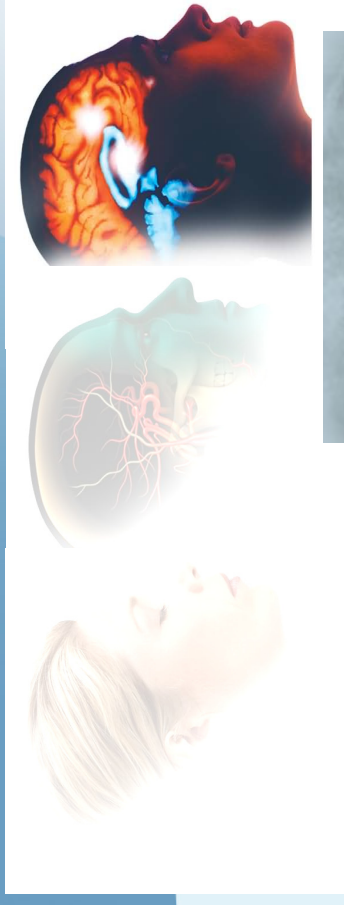
- Developed by Dr. Rune Aaslid in 1982, today DWL's client
- DWL has a strong market share in Germany and well established distribution networks in Europe
- World's firsts include :
 - Bilateral Doppler ,
 - Emboli differentiation
 - Full digital Doppler



Markets

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 world wide.
- Sells its products in over 50 countries world wide to over 1500 universities, corporate laboratories and national research centres.
- First to commercialise high-density EEG/EP recordings, electromagnet source localisation, merging of multi-modal neuroimaging data.
- World opportunity - \$1.2b size of the industry of which we have less than 3% market share.



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Business Recap

Core Business

- Group returned to profits at existing sales levels after two years of significant restructuring and generated positive operating cash
- Expenses down 20% over the last two years or \$5m
- Bank debt down 68% over the last 5 years and at its lowest level in 5 years
- Sales are stable despite the above and a surging Australian dollar
- R&D product pipeline strong
- Margins up 7% over last year
- Focus on restoring group growth and increasing profitability

Business Recap

Medical Innovations Business

- Letter of intent signed with Medigas
- OEM deal for SPAP Europe progressing
- OEM Deal for SPAP USA to be negotiated
- Other platforms progressing

Ordinary business

- **Item 1 Financial Statements and Reports (non binding resolution)**
- **Item 2 Adoption of Remuneration Report (non binding resolution)**

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> Thankyou