



## **ASX / MEDIA RELEASE**

### **COMPUMEDICS ANNOUNCES THE ACQUISITION OF THE BUSINESS OF GERMAN BASED DWL ELEKTRONISCHE SYSTEME GMBH**

**Melbourne Australia, Thursday 2<sup>nd</sup> September, 2004.**

Global leader in developing and manufacturing diagnostic technology for sleep and associated disorders, Compumedics Limited (ASX: CMP), today announced the acquisition of the business of DWL Elektronische Systeme GmbH for Euro 1.5 million (AUD\$2.6 million). DWL, which is based in Singen, Germany, is a global leader in brain blood flow diagnostics and is a natural fit with Compumedics medical diagnostics technologies.

DWL develops and manufactures high-quality diagnostics and monitoring systems based on Doppler Sonography, which is used in blood vessel diagnostics. The company was established in 1991 and soon after launched its first devices for routine applications.

In announcing this new acquisition, Compumedics Limited Executive Chairman and CEO, David Burton, said Doppler Sonography is a technique based on sound frequencies to measure the direction and speed of blood flow to the brain and will complement the neurological capabilities we already have in sleep diagnostics and brain research.

" The company's Doppler systems are used in a wide range of medical applications including Neurology, Neuro Surgery, Cardio and Vascular Surgery, Anesthesiology, Intensive Care, Internal Medicine and Radiology,"he said.

" Routine examinations with DWL devices are carried out to diagnose circulatory problems, vessel stenosis and occlusions, aneurysms, inflammatory vessel diseases and vascular diseases."

" DWL, founded in 1991 has become a leading manufacturer and distributor of TCD (Trans Cranial Doppler) and related Doppler Technology. In addition, through the companies highly qualified personnel, DWL has become a principal supplier of TCD devices to hospitals, university and research institutes, clinics and private practices worldwide."

" DWL has received several international patents for its innovations and was the first company to offer bilateral Doppler, Multi Range Technique and a pioneer in the provision of complete physiological testing, emboli differentiation with a special 2 multi-frequency probe and a full digital Doppler."

Compumedics is a designer and manufacturer of computer based medical diagnostics equipment. Its core market is sleep disorder diagnostics. The company has since expanded into neuro and cardio diagnostics and equipment for brain research. It has leveraged its skill sets and competencies into these markets due to the established link between heart, brain and nervous system diseases and sleep disorders.

Mr Burton said that, "DWL is an excellent strategic fit, extending Compumedics technology throughout Europe, where DWL is already well established. DWL has a 60% share of the German market, Europe's largest".

"Compumedics will globalise DWL's sales and provide an immediate gateway to the vast US market through Compumedics well established distribution system," he said.

"Christoph Witte, General Manager, DWL, supported by the fine group of DWL people will help spearhead and accelerate Compumedics' market penetration of its diagnostic products throughout Europe."

"As part of this strategy, Compumedics has decided to utilise the Singen base in Germany for its European headquarters".

In the year ended 30 June 2004, Compumedics Limited achieved a record net profit of \$2.4 million from turnover of \$34 million. Operating profit (earnings before interest, depreciation and tax) increased by 55% in 2004 from \$1.9 million to \$2.9 million. US sales increased by 35% and European sales increased by 20%, in local currency terms.

Compumedics has previously advised that revenues in 2004-05 are expected to be between \$38 million and \$42 million and after tax profit is expected to be between \$3 million and \$4 million.

Mr Burton said, "the new acquisition, DWL with annual sales of AUD\$4 -6 million, predominantly in Europe, has considerable potential to assist in driving Compumedics long term growth and strategy."

"This acquisition positions Compumedics as a global diagnostics leader in its areas of core competency; sleep, neurology and non Doppler blood flow."

### **Compumedics Limited Background**

Compumedics was founded in 1987 by David Burton, the company's Executive Chairman and CEO. In that year it established Australia's first fully computerised sleep clinic at Melbourne's Epworth Hospital. A major breakthrough was achieved in 1995 when the company was selected to supply equipment to the US Sleep Heart Health Study, which was the largest clinical trial ever undertaken up to that time.

A sleep disorder is a medical condition that affects a person's ability to have a "normal" night's sleep. There are 84 classified sleep disorders ranging from snoring, obstructive sleep apnoea (OSA) and insomnia to narcolepsy. It is estimated that nearly one in seven Americans suffer from treatable sleep disorders of which about 50% are attributed to OSA. In Australia, these ratios are comparable.

Research points to a strong link between sleep disorders and a range of other diseases. It is thought that the lowering of blood oxygen during sleep and frequent apnoeic episodes contribute to vascular, heart and brain dysfunction.

The sleep market is broadly divided into three sectors; therapeutic equipment, diagnostics equipment and sleep tests. Compumedics is a global leader in the design and manufacturing of diagnostic devices and equipment for conducting sleep tests.

The company's core sleep diagnostics technology is now being leveraged into the associated fields of neuro diagnostics and brain research. 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. This acquisition boosted its presence in the neuro diagnostics market, where the company supplies EEG and EMG devices to study electrical activity in the brain, spinal cord, nerves and muscles for the diagnosis and monitoring of neurological based diseases.

Since 1999-2000, the company has increased its sales from \$9 million to \$34 million reflecting its product development initiatives combined with its own strong distribution network in the United States, which accounts for 55% of sales.

**Issued by:                    Compumedics Limited**

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