



## ASX / MEDIA RELEASE

### FINANCIAL HIGHLIGHTS TO DECEMBER 2007

Dear Shareholders,

Last week we conducted a number of presentations in Melbourne and Sydney. We would like to thank all those who attended and our shareholders, in particular, for their positive feedback during this reporting period. At the meetings, we presented the following Compumedics performance highlights:

- RECORD first half-year profit-after-tax of \$1.6 million (UP 250%)
- RECORD first half-year revenue of \$20.1 million (UP 2%)
- Operating cash more than DOUBLED to \$1.0 million (UP 147%)
- Results achieved following restructuring in 2005-2006 that removed approximately \$5 million in annual expenses from the business
- RECORD profit despite continued high R&D investment [19% (5 year average) and 13% (in 2007) of operating revenue, mainly expensed ]
- Profitability restored in 2006-2007, continues to grow
- New global banking and financing relationship established with HSBC Australia
- Compumedics well-positioned for new opportunities and accelerated growth over the next few years
- Compumedics entered into an agreement to expand its product range into the multi-million dollar global electromyography (EMG), nerve-conduction studies (NCS), evoked potential (EP) and intra-operative monitoring (IOM) markets in the second half of calendar year 2007
- Other major new product releases and upgrades are planned for 2008.

Additionally, we were able to further elaborate on the extraordinary pipeline of Compumedics products that will be released over the next year as we roll out the results of one of our most progressive and effective product development periods. These new products include a suite of products reflecting the results of the convergence of our Neuroscan and Compumedics clinical electroencephalograph (EEG) products, rich intellectual property portfolio, and continued investment in R&D. Examples of the recent and forthcoming product releases are outlined below.



## **Sleep Diagnostics Products:**

### Somt <sup>TM</sup> PSG :USA regulatory changes strengthen sleep product outlook

There is much discussion in the world of sleep diagnostics about the use of at-home unattended diagnostic testing. It is expected that government rebates for at-home studies will become available in the USA this year. Currently, there are no government rebates in that key market for at-home studies. The recently released Somt <sup>TM</sup> PSG medical device manufactured by Compumedics places the Company in a unique position to generate sales for both traditional laboratory-based and at-home sleep monitoring environments. While it delivers full gold standard laboratory diagnostics, the Somt <sup>TM</sup> PSG also represents the latest generation of Compumedics' ambulatory recorders, which started with the P-Series. Current sales indicate that the Somt <sup>TM</sup> PSG should be successful in the USA irrespective of the change in government policy enabling rebates for at-home studies.

## **EEG Products:**

### Neuvo<sup>TM</sup> and Profusion EEG 4.: Technological innovations to the clinical field

The Neuvo<sup>TM</sup> is a culmination of all of Neuroscan's experience in high-end research EEG packaged into a clinical system. This brings a number of technological innovations to the clinical field that were previously only available in research EEG systems. The innovations are unique to Compumedics' systems. The Neuvo<sup>TM</sup> represents the continued strategy to leverage the great capabilities of Neuroscan in the clinical market.

## **EMG/EP Products:**

### Xegis<sup>TM</sup> : Enhancing the Neuro-diagnostic product portfolio

With the release of the Xegis<sup>TM</sup> EMG/EP/IOM range of products, Compumedics has a comprehensive suite of EMG, EP and IOM products. With feature-rich capabilities from the 2-channel volume market to the 24-channel advanced university hospital system, Compumedics offers a complete range of neuro-diagnostic solutions.

The suite of EEG and EMG products enables access for Compumedics to incremental global sales opportunities, previously out of reach to the Company. We expect this move to further invigorate the Company's global sales drive into the foreseeable future.

## **Ultrasonography Products:**

### Full Digital Doppler Technology: Doppler-Box, Multi-Dop T, Multi-Dop X



*The traditional high quality DWL® Doppler with digital Doppler technology and Doppler M-Mode meets the highest demands of users and exceeds all previous requirements for clinical routine and monitoring examinations.*

*While DWL® developed the first digital Doppler in the market, the current and recently released DWL® digital product line is unique, covering portable, network-based and high-end desktop systems.*

**EZ-Dop – Upgrade to the next level**

*The new, redesigned DWL® EZ-Dop® gives the full range of options for transcranial, extracranial, peripheral and micro vascular routine examinations. The system can also be employed in hospital intensive care and stroke units. The bigger built-in TFT color display, high quality loudspeakers, Windows® XP Prof. with network connectivity and user-friendly DWL® software guarantees optimal working conditions.*

**Sleep-Treatment Products:**

*The feedback and questions relating to our SomniLink® SPAP® sleep treatment development were able to be further articulated. We explained to meeting attendees that with the first pre-commercial product release in a multi-million dollar deal already struck with an \$18 billion medical group, that Compumedics' successful entry into the much larger sleep-treatment business will be a focus in the coming period. In particular, the Company seeks financial and corporate advice to help it select the most appropriate means to participate in this multibillion-dollar treatment business. Additionally, the Company seeks licensing opportunities with the broader sleep industry as a means to ensure that Compumedics investor returns and continued developments will be further strengthened.*

*The SomniLink® SPAP® has been validated against the best of class APAP (auto positive airway pressure) devices. The SomniLink® SPAP® is backed by a comprehensive patent portfolio, and importantly, it focuses upon offering a patient a superior sleep-treatment experience to supplement the conventional respiratory sleep-disordered breathing solutions.*

Finally, I would like to thank the shareholders for their patience and support for Compumedics. I believe that the financial results and attached presentation demonstrate the quality of this business and the unrealised up-side of Compumedics moving forward.

Yours sincerely,

David Burton  
CEO, Chairman



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

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 hold around 90% of the market for brain-research products. This acquisition has enabled Compumedics to take advantage of the synergies between research and clinical-based Neuro Diagnostic technologies, re-affirming our commitment as a world-class developer of both sleep and neuro-diagnostic systems.

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 its Chairman were inducted into the Victorian Manufacturing Hall of Fame for their pursuit of excellence in manufacturing.

Compumedics has grown to become a global diagnostic medical device company with world leadership in three of the most exciting high-growth sectors and some 12,000 systems installed. Compumedics businesses now include their core and pioneering 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 rapid 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 \$37 million (2007), reflecting its continued commitment to an effective sales and R&D organisation.

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

