

‘Defining life’s signals’



> SLEEP DIAGNOSTICS > NEURO DIAGNOSTICS > NEUROSCAN > NEURO MEDICAL SUPPLIES

***Annual General Meeting
October 2004***

Agenda

- Meeting opens
- Chairman’s address
- Ordinary business
- Commendation to John Dyson for his dedication to the Board and his valuable years of service. Special thank you from the Chairman, Board and staff
- Meeting closes

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Chairman’s Address

Outline

1. Financial highlights – FYE June 30, 2004.
2. Highlights of the past year.
3. DWL acquisition.
4. Dividends.
5. Key strategies.
6. Key milestones.

Financial Highlights FYE June 2004

PROFIT

- Record, Positive NPAT AUD\$2.4M (\$3.5m at last year’s FX rates).
- EBITDA grew 55% over the previous year to AUD\$2.9M (90% growth to \$4.0m at last year’s FX rates) .
- The above results were achieved with the expensing of R&D for the first time in the 2004 year, compared to previous years where R&D costs were capitalised and amortised to the P&L. This resulted in an additional \$1.4m of R&D costs being booked to the P&L in 2004.

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Financial Highlights FYE June 2004

REVENUE

- Record revenues of \$34m (\$39M at last year’s FX rates).
- Record USA revenues of USD\$12.8M.
- In US dollar terms, USA grew by 35% and Europe by 20% from previous year ended June 2003.
- Underlying revenue growth was 23% for the year if the effects of the AUD/USD exchange rate movements are eliminated.
- Neuroscan acquisition continues to go from strength to strength with the release of Synamp2, now generating over \$8m in sales in 2004 (a 20% increase in Synamp sales over 2003) with boosted product margins from 42% of revenues in 2003 to 82% of revenues in 2004.

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Financial Highlights FYE June 2004

CASH

- Positive operating and net cash at \$2.6m and \$1.0m respectively for the year.

GROWTH

- Europe business strengthened and is now ready for execution of growth strategy similar to the USA with the building of our sales and service infrastructure there.
- DWL acquisition

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DWL Acquisition

- European base to underpin growth
- Complementary brain function technology based on Doppler Sonography
- 60% market share in Germany
- Good opportunity to globalise technology
- Incremental sales for 2004/2005 expected to be between AUD4-6 million

Maiden dividend

- Return - maiden dividend 0.5 cents per share dividend to shareholders declared.
- Reward for patience.
- Confidence in the future.
- Growth into the future off strong technology base.
- Dividend policy.
CMP will as it can afford to and it considers it appropriate will pay a dividend from time to time.

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Performance relative to PCP

\$Am	12 mths to June 30 2002	12 mths to June 30 2003	12 mths to June 30 2004	% change
Operating Revenue	19.8	32.1	34.0	6%
EBITDA	(0.9)	1.9	2.9	55%
EBIT	(2.4)	(18.8)	2.4	n/a
Profit after Tax	(1.9)	(18.6)	2.4	n/a
Gross Margin	64%	57%	59%	4%
EBITDA/Op. Revenue	(5)%	6%	9%	50%
Profit after tax/Op. Revenue	(10)%	n/a	7%	n/a

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Balance Sheet relative to PCP

	June 2004 A\$'000	June 2003 A\$'000
CURRENT ASSETS		
Cash assets	6,352	5,366
Receivables	10,239	8,624
Inventories	6,481	8,416
Other	69	180
Total current assets	23,141	22,586
NON CURRENT ASSETS		
Property, plant and equipment	1,368	1,176
TOTAL ASSETS	24,509	23,762
CURRENT LIABILITIES		
Payables	4,123	4,578
Interest bearing liabilities	1,884	4,729
Provisions	892	845
Other	1,330	1,270
Total current liabilities	8,229	11,422
NON CURRENT LIABILITIES	2,335	665
TOTAL LIABILITIES	10,564	12,087
NET ASSETS	13,945	11,675

Financial Performance

- **Underlying operating earnings**

- Growth and efficiencies have significantly contributed to earnings. This has resulted in a positive shift in EBITDA to \$2.1m

- **Costs under focus**

- Critical mass in place, earnings continue to grow
- Efficiencies in all parts of the business to be maximised

- **Margins**

- June 02 – 63%, June 03 – 56%
- Margins impacted by change in
 - * revenue recognition, policy (2%),
 - * foreign exchange (2%)
 - * once off factory relocation costs in Melbourne and El Paso due to consolidation (2%)

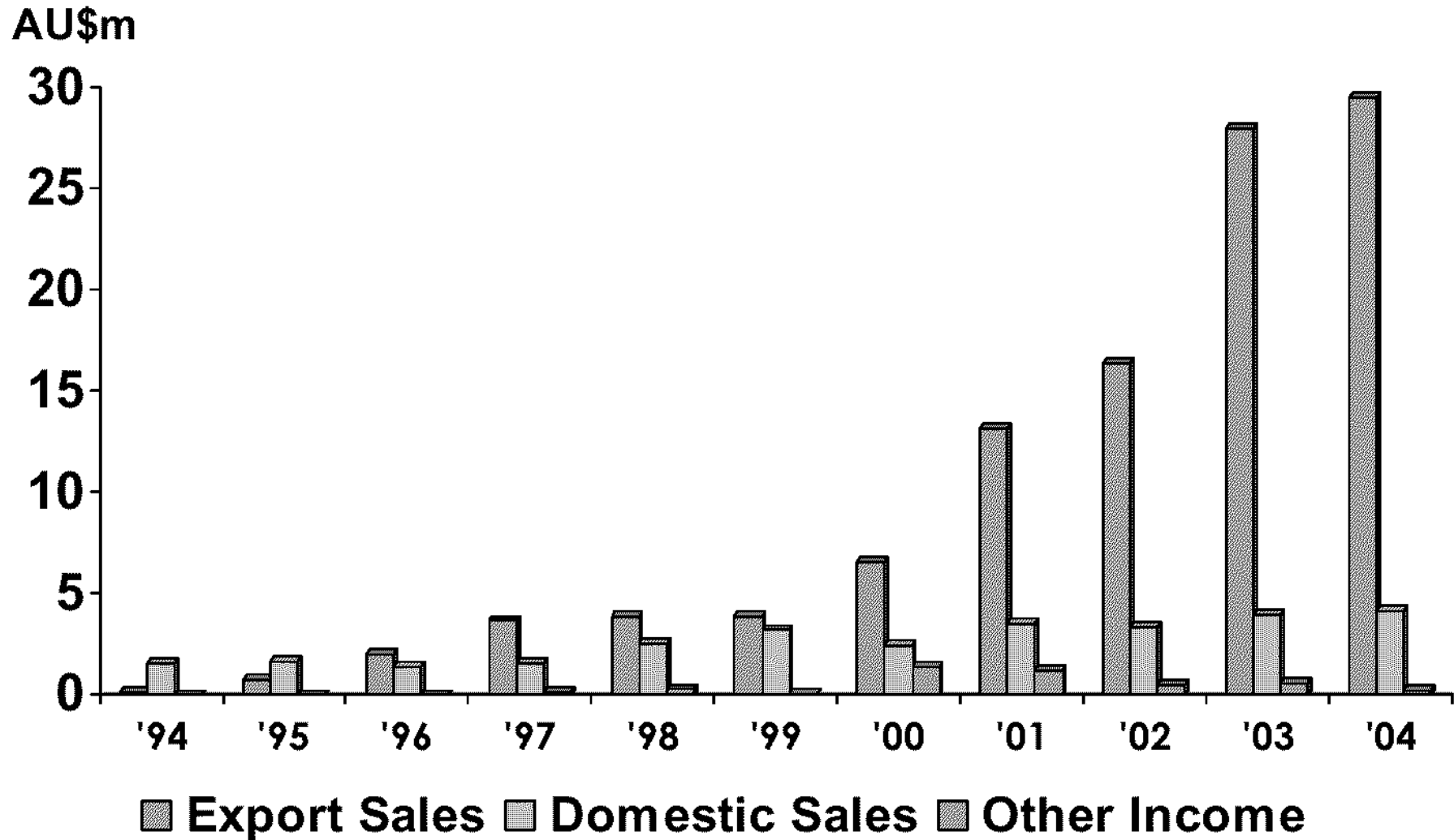
- **Working capital improving**

- Debtors days reduced from 131 to 96 days
- Inventory still needs work but improving

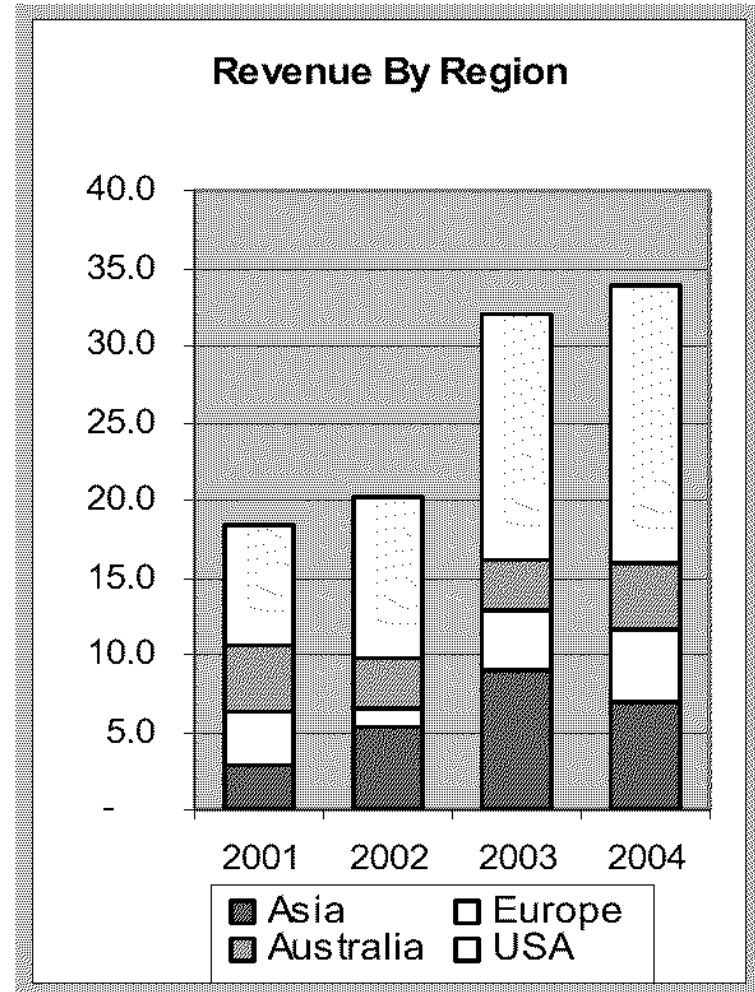
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Historical Sales Graph



***International expansion
gains momentum***



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Global Brain
Research
market AS:

\$70M

Global
Sleep Diagnostics
market AS:
\$250M

Global Neuro
Diagnostics
market AS:

\$890M

Global Neuro
Medical Supplies
market AS:

\$260M

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Strategy Working

Building a global medical diagnostic company

- With Compumedics’ core strategic edge being Sleep Diagnostics and
- Leveraging this technology into related fields including Neurosciences and Cardiology.

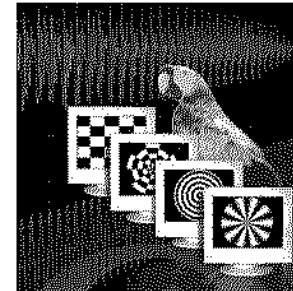
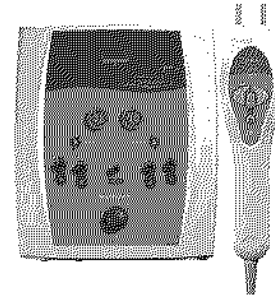
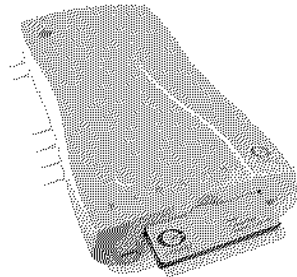
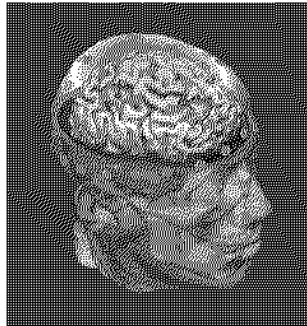
Moving Forward : Business

- ❑ ***Revenues expected to be between \$42million and \$48million for year ended June 30, 2005.***
- ❑ ***Earnings after tax expected to be between \$3 million and \$4 million for year ended June 30, 2005.***
- ❑ ***Revenue in the second half expected to be stronger over the first half in 2005 again as growth accelerates through the year.***
- ❑ ***Research and development expenditure expected to be between 16% and 18% of revenue, for year ended June 30, 2005.***
- ❑ ***Europe positioned for rapid growth as infrastructure there is built in a similar way to that of the USA (organic growth and possible acquisition opportunities on the agenda).***
- ❑ ***The cost efficiency programs and lean processes have just commenced but are already being amplified for the year ahead.***
- ❑ ***Expanded and strengthened USA sales force with more new sales territories.***

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Moving Forward : Technologies



ProFUSION
nexus[™]

- *Strong product pipelines in all CMP divisions.*
- *Medical Innovation breakthroughs now approaching patent and clinical proof of concept phase.*

Recap

1. *Returned to profitability at \$2.4M.*
2. *Positive cash position.*
3. *Sales growth strong.*
4. *Big boost in operational efficiency and more to come.*
5. *Strong product pipeline and Medical innovation breakthroughs on the horizon.*
6. *USA continues to grow strongly (USA grew 35% in 2004 over 2003 in US dollars).*
7. *Europe poised for growth spurt based on new sales and support infrastructure there similar to the USA and DWL acquisition.*
8. *Dividend declared.*

Ordinary business

- Election of Director.
- Mr. John Dyson who retires by rotation does not offer himself for re-election to the position of Non-Executive Director.
- Mr. Bruce Rathie is nominated to the position of Non-Executive Director and offers himself for election.
- Commendation for Mr. John Dyson.

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***End of Business
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