

Half-year results – key points

- Solid performance despite ongoing challenging external economic factors (including a high Aussie dollar and sluggish US market for medical capital equipment)
- All key growth strategies advanced during the half-year – including – increased sales staff, progression of long term EEG monitoring (LTEM) market penetration, US based HST opportunity and sleep treatment commercialisation
- Business adapting for life in a high Australian dollar environment – productivity and efficiency gains targeted with some implemented in the half-year ended 31 December 2010

Half-year results – key points

- Sales force in USA almost doubled through Jan 2011 to exploit the momentum of the expected recovery in the US. Impact of these changes are anticipated in future financial periods
- Transition from predominantly engineering focus to sales and marketing focus continues so as to maximise commercial outcomes from Compumedics' rich sleep, neurology and Doppler blood-flow intellectual property and products
- Identification and discussion with potential strategic partners continues

Half year results - review

- Total revenues were \$15.2 million, down 4%. In constant currency (that is restating FY10 at FY11 FX rates) H1 FY11 sales were up 5% compared to H1 FY10
- Compumedics sales of diagnostic equipment held steady as reported at \$13.4 million. In constant currency diagnostic equipment sales in H1 FY11 are up 9% compared to H1 FY10
- Compumedics new Neuvo® long-term EEG monitoring (LTEM) device achieves initial sales in the USA of \$0.5m in H1 FY11. Sales have now been completed in Australia, the USA and Europe as part of the initial roll-out of this new device
- US market continues to be challenging but sales held steady at USD4.0 million for H1 FY11, with intense focus on renewal and growth in this region for H2 FY11
- Other sales territories in line with prior corresponding half-year

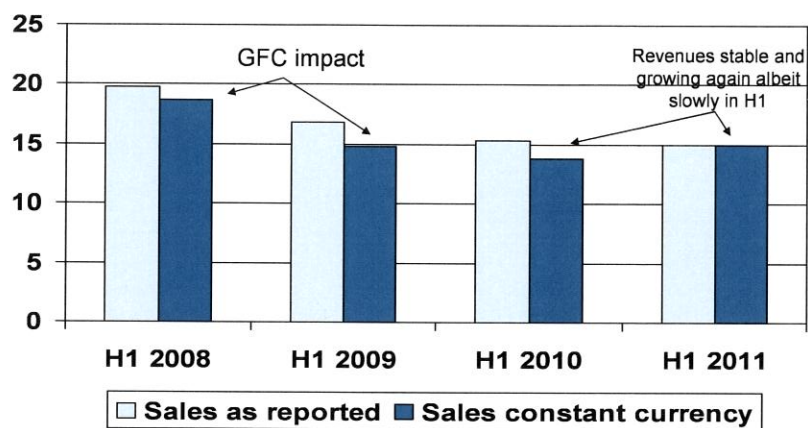
Half year results - review

- Loss after tax of \$1.1m largely attributable to an adverse \$1.6m FX charge in H1 FY11 due to currency movements, compares to profit after tax of \$0.3m in H1 FY10
- Operating cash at \$(0.5m) for H1 FY11 was adverse to H1 FY10 result of \$0.8m. Two large payments from European customers (\$0.9m in total) delayed to H2 FY11
- Cash position holds steady at \$1.4m at 31 December 2010 compared to \$1.8m at 30 June 2010
- Margins pressured by rising Australian dollar 58% for H1 FY11 compared to 65% for H1 FY10 but up from 54% in H2 FY10
- Borrowing costs very low and declined 23% from \$0.226m in H1 FY2010 to \$0.174m in H1 FY11

Resilience and growth

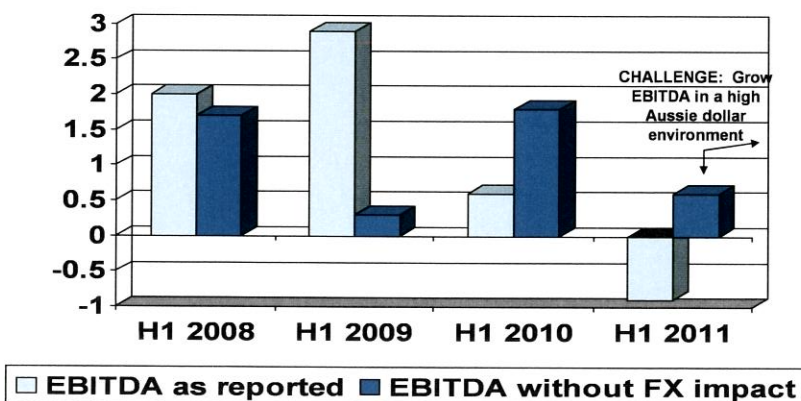
- Compumedics' commercial and financial resilience, despite extremely tough post-GFC international markets for medical capital equipment, particularly in the USA, sees it well placed for the forecast period
- Compumedics' product innovation remains on track delivering significant new products this year, including:
 - Neuvo® long-term EEG monitoring (LTEM) device - a new product in a new market for Compumedics
 - GraeI® PSG / EEG – a new generation in sleep diagnostics systems - a new product in an existing market for Compumedics
- All medical innovation (step-out growth) opportunities have advanced closer to commercialisation during the year

Financials – revenue history



Financials – EBITDA history


EBITDA as reported and with the period-end unrealised FX adjustment removed






Established Client Profile

 National Aeronautics and Space Administration    MAYO CLINIC College of Medicine STANFORD UNIVERSITY  UNIVERSITY OF MICHIGAN  Royal Perth Hospital COMMITTED TO EXCELLENCE	  St VINCENT'S HEALTH  THE UNIVERSITY OF TOKYO  Peking University  HCMC  Maine Medical Center <i>centered around you</i>	 National Institutes of Health  The Royal Children's Hospital Melbourne  Austin Health  NHS London  YALE UNIVERSITY SCHOOL OF MEDICINE  Providence Medical Center <i>Sisters of Charity of Leavenworth Health System</i> 
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Product Growth Drivers

Sleep Disorders: Treatment Starts with Diagnosis




Sleep apnoea & Co-morbidities

- Sleep apnoea represents a young market with the prevalence of related serious conditions (**co-morbidities**) rapidly increasing awareness since the turn of the millennium¹
- Most of the population suffers from one of these sleep-related or neurological disorders and even more concerning is that most of these people remain undiagnosed and are likely to be unaware of these health risks.
- 84 classified sleep disorders
- 1 in 5 adults - sleep disordered breathing (SDB)²
- Up to 80% - unaware of condition, remain undiagnosed & untreated
- Obesity is a major indicator of sleep disorders, obesity prevalence in Western populations is increasing
- Most people - sleep-deprived
- Sleep deprivation – major health epidemics of the modern age
- Drivers with sleep apnoea - 6-fold increased accident risk³
- Truck drivers - 28.1% have sleep apnoea⁴
- SDB affects - about 11%⁵ of all children
- Obstructive Sleep Apnoea (OSA) affects - 0.7%⁶ - 3%⁷ of all children

1. Global Industry Analysts, Inc Oct 2010; 2. Young T et al. *Am J Respir Crit Care Med*. 2002; 3. Teran-Santos J et al. *NEJM*. 1993; 4. Grubhagavatlula L et al. *AJRCCM*. 2004; 5. Guillemainault and Pelayo *Annals of Medicine*. 1998; 6. Ali N, et al. *Arch Dis Child*. 1993; 7. Gialason T et al. *Chest*. 1995

- Approved by Medicare and allowed for with all major insurers
- Large undiagnosed population – up to 20% of USA said to suffer from sleep apnoea
- Compumedics Leverage - 1,500 installed USA sleep diagnostic equipment beds
- Currently only about 4% of all sleep testing in the USA is done via HST
- Large untapped market for patients – follow up full PSG patients (post diagnosis and treatment), those patients who will not come to a sleep lab, those patients who cannot come to a sleep lab and low or no insurance patients
- DME (traditional suppliers of CPAPs) blocked from HST devices supply by Medicare
- Young market– proven low-cost screening viability in comparative sectors (i.e. Holter)




Product Growth Drivers

New market opportunity – neurological disorders including long-term EEG monitoring (LTEM)

Compumedics Neurology Diagnostic Equipment

Routine clinical EEG testing	☑
Long Term Monitoring (epilepsy)	☑
Research fEEG, EEG, EP	☑



- Existing global market - NEW product, NEW global market opportunity for Compumedics
- Specific LTEM global market similar in size to sleep diagnostics at USD220m pa
- Expect to replicate market penetration in LTEM similar to sleep diagnostics – that is a \$20m pa incremental revenue stream



Product Growth Drivers

DWL® Global Ultrasonic Blood Flow Monitoring

Products Provided

- Doppler-Box: Digital Doppler device including Doppler M-Mode
- EZ-Dop®: Very compact and portable Doppler device for routine diagnostics
- Multi-Dop® T Series: Portable Doppler device with upgradeable bilateral monitoring
- Multi-Dop® X Series : All around Doppler device with emboli detection
- Embo-Dop®: Doppler device for emboli differentiation
- Hemo-Dop®: Doppler device with Doppler guided haemorrhoid arterial ligation technique (DG-HAL)


Key Clients

- Dr. Rune Aaslid, PhD, Berne, Switzerland
- Prof. Andrei V. Alexandrov, MD, University of Texas, Houston, USA
- Prof. David Russell, MD, PhD, The National Hospital Oslo, Norway
- Dr. David W. Newell, MD, University of Washington, Seattle, USA
- Prof. Geoffrey Donnan, MD, Austin & Repatriation Medical Center, Melbourne, Australia
- Prof. Laszlo Cziba, MD, Medical School of Debrecen, Hungary
- Prof. Erich B. Ringelstein, MD, University of Munster, Germany
- Prof. Michael G. Hennerici, MD, University of Mannheim, Germany




#1
EUROPEAN
MARKET






Strategic Drivers – breakout

Sleep Treatment



- Compumedics introduces its first device for the sleep-treatment market, Somnilink® SPAP®
- Sleep treatment is more than 10 times the size of the global sleep diagnostic market at approximately USD3bn annually
- Compumedics has over 4,000 beds of sleep diagnostic equipment world wide – excellent referral base for the Somnilink® SPAP® with 800,000 CPAP units per annum referred [USD400m] from these beds
- Somnilink® SPAP® device is protected by families of patents
- Somnilink® SPAP® incorporates technological functions and features derived from Compumedics' 20 plus years experience with sleep-diagnostic technology



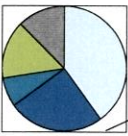
Market & Growth Outlook

Market USD*000 per annum	2011	2012	2013
Sleep diagnostics*	250	260	290
EEG (neurology) monitoring**	470	520	570
Sleep treatment*	3,800	4,400	5,000
TOTAL	4,520	5,180	5,860

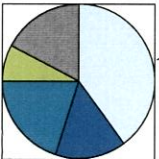
* Frost & Sullivan, 2010
** Internal estimate (TBV)

Diagnostics medical device businesses (forecast)*

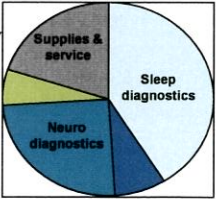
\$35m



\$60m



\$100m+



Now → 3 to 5 years from now

* Forecasts represent potential outcomes only that may or may not be achieved



Strategic Growth Objectives




Go-Forward Strategic Mission:

- Expand Compumedics sales force 2 to 3-fold as Compumedics augments its technological leadership with sales and marketing leadership.
- Achieve substantial and rapid commercialization of Compumedics new breakthrough sleep treatment SPAP technology.

The primary strategic drivers of growth in the core diagnostic business are:

- The increasing prevalence, awareness and need to diagnose sufferers of sleep and neurological disorders.
- The new market opportunity for long term EEG monitoring (LTEM) through the release of the Neuvo® device into a USD220m pa global market
- The new USA Home sleep testing (HST) market opportunity - Expansion of Compumedics' key sleep diagnostic business through new market opportunities, specifically in HST in the US market









Strategic Growth Execution

USA Clinical Sales Force Expansion























More sales representatives > more revenue

Past























→ USD4.5m

FY2011 – Now (forecast*)

→ USD12.5m

FY2013 (forecast*)

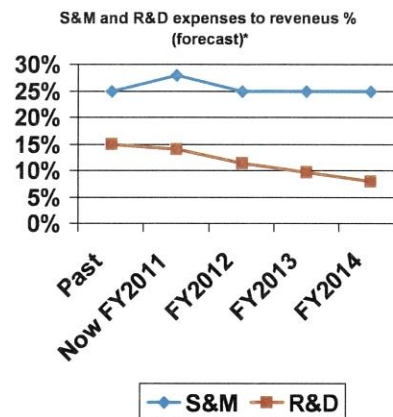























Strategic Growth Execution

Focused & Market Driven



- A re-focus on the front end of the business
- Harvest existing product and technology offering
- Hold R&D spending to renew and refresh
- Deliver increasing market shares
- Deliver increasing profitability and cash



* Forecasts represent potential outcomes only that may or may not be achieved

Strategic Growth Execution

Capitalization Pathways



The three principal paths available to Compumedics in order to implement the strategic growth drivers are:

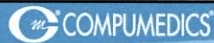
- **“Do it ourselves”** – recapitalise the group and implement the action plans for the strategic growth drivers ourselves (we are already doing this within the confines of the current personnel and financial constraints of the business)
- **“Do it with a strategic partner”** – seek out a major strategic partner who can bring not only financial resources but also another level of depth to the sales and marketing capability of the group. This could involve an acquisition, merger, joint venture or other combination.
- **“Let some one else do it”** – divest all or part of the business to a third party who is better able to deliver the strategic growth drivers if the offer price is acceptable to the existing shareholders

What to look for from Compumedics



- Establishment of new LTEM reference sites
- Expansion of LTEM sales force
- Establishment of home sleep testing distribution channels
- Increased core business sales corresponding to expanded sales force
- Establishment of new SPAP® sleep treatment distribution channels
- Increased sleep treatment sales corresponding to establishment of distribution channels
- Upcoming international stock exchange listing or other major capitalization transaction as Compumedics continue realize value of core diagnostic monitoring business
- Significant structural and financial restructuring of sleep treatment division to enable venture or strategic funding growth and establishment of new SPAP® sleep treatment range as a global leading supplier within this important and valuable market sector.

Summary



- **Proven management, patented technology, market credibility and quality business base with solid sales, profit and cash generation.**
- **Substantial upside Go-Forward Strategy**
 1. *"Expand Compumedics sales force 2 to 3-fold as Compumedics' augments its technological leadership with sales and marketing leadership."*
 2. *"Achieve substantial and rapid commercialization of Compumedics new breakthrough sleep treatment SPAP® technology".*
- **Strong uniquely placed** in three key, new and global medical device markets with strong growth opportunities in:
 - Sleep ➢ Neurology ➢ Ultrasonic blood flow
- **Quality company** generating revenues (≈\$35m pa), earnings, cash and virtually no debt
- **Established routes to market in key international markets**
 - o Direct sales in Australia, USA and Germany
 - o 50 plus distributors in Asia, Europe and Middle East
- **Key growth opportunities for the core business:** European and USA sales force expansion, new LTEM device Neuvo® and the HST market in the USA

