COMPUMEDICS
LIMITED

COMPUMEDICS ANNOUNCES MAIDEN DIVIDEND AND APPOINTMENT OF MR BRUCE RATHIE TO THE BOARD

Melbourne Australia, Thursday 21st October, 2004.
Global leader in developing and manufacturing diagnostic technology for sleep and associated disorders, Compumedics Limited (ASX: CMP), today announced that a maiden dividend will be paid to shareholders of the company. The dividend of 0.5 cents per share will paid to shareholders on 20th December 2004. The dividend will be fully franked.

In announcing the dividend, Compumedics Limited Executive Chairman and CEO, David Burton, said the dividend which totals $700k is both a reward to patient investors as well as an expression of Board's confidence in the company's future.

" In 2003/04, the company's operating profit rose by 55% and cash holdings rose by nearly $1 million. In that year, sales in the United States grew by 35% with growth of over 20% in Europe, in local currency terms."

" Comparable growth is expected in the current year, in local currency terms, which will flow through into comparable Australian dollar growth rates with the benefit of relatively stable exchange rates, " he said.

"The company's growth prospects are underpinned by high rates of growth in its core markets, a steady stream of new, advanced product releases, and continuing integration of recent acquisitions."

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 that, "as at 30 June 2004, the company had cash balances of $6.35 million compared with $5.37 million a year earlier. The dividend will be paid from these reserves."

"The company recognises that sustained high rates of growth require increased levels of funding. As a consequence, we are looking at a variety of innovative strategies to unlock shareholder value embedded in its intellectual property," he said.

In declaring the dividend today, the Board has agreed that the Company's dividend policy will be amended to pay a dividend from time to time as the company can afford to do so and it is deemed appropriate to do so.

The Board of Compumedics is also pleased to announce the appointment of Mr Bruce Rathie to the Board. In commenting on this key appointment, Mr Burton said that, "Mr Bruce Rathie brings an outstanding skill set of experience in commerce, law and merchant banking which will be pivotal as the company moves forward in its global positioning."

"The operational and managerial experience that Mr Bruce Rathie will bring to the Company will be particularly useful following his extensive involvement in profit focused enterprises where strategic development and implementation has been paramount." Mr Burton said.

About Compumedics

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.

In September 2004, Compumedics acquired the business of DWL Elektronische Systeme GmbH. DWL 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 and is used in a wide range of medical applications including Neurology, Neuro Surgery, Cardio and Vascular Surgery, Anesthesiology, Intensive Care, Internal Medicine and Radiology.

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: **Northwood Communications**

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