



ASX / MEDIA RELEASE

**Compumedics Interim Results 6 months
ended 31 December, 2004**

Melbourne Australia, Friday 18th February 2005

Compumedics Limited (ASX: CMP) today announced that it achieved record sales for any 6 month period in the company's history at \$19.2m for the six months ended December 31, 2004. The Company also announced that it has continued to invest at high levels in R&D and product development (approximately 18% of revenues), as a reflection of a strong sales outlook and product pipeline. Despite the success of the DWL acquisition in the period since acquisition the Company has suffered a short term impact, related mainly to pressure on export sales margins due to the strong Australian dollar. The loss after tax for the six months ended December 31, 2004 was approximately 1 million dollars Australian. The Company expects its full year numbers to be in the region of the lower end of the previously indicated guidance range, while the company adjusts its management focus towards key programs and initiatives to lift the margins, along with sales and marketing performance.

Compumedics operating cash was positive for the six months to December 31, 2004 but declined to \$4.6m at December 31, 2004 from \$6.3m at June 30, 2004 in net terms following the repayment of borrowings of approximately \$1.4m and the dividend payment of \$0.7m.

Adjusting for the foreign exchange losses (\$1.0M) and DWL acquisition (\$0.4M) related investment the Company would have been profitable.

Going forward, Compumedics anticipates that revenues for year ended 30 June, 2005 will be around the \$38m and \$42m region and earnings after tax will be in the order of \$1m to \$3m reflecting the changes in the foreign exchange markets.

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.

In 2004, Compumedics acquired **German** based **DWL**, which has enabled Compumedics to expand its global operations into neuro and cardio diagnostics and equipment for brain research.

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

On behalf of: Compumedics Limited

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