



ASX / MEDIA RELEASE

COMPUMEDICS LIMITED - NOVEMBER UPDATE

RECORD FIRST QUARTER SALES/RECOVERY WELL UNDERWAY Restructuring and turnaround

Mon 20 November, 2006. Compumedics Limited (ASX code: CMP) Melbourne Australia

The recovery in the group's performance that was evident in the return to profitability in the six months ended 30 June 2006 has been confirmed with record sales in the September 2006 quarter. This is traditionally the company's weakest quarter due to the summer shut down in Europe and North America. This performance has been driven by the successful turnaround in the US where September quarter sales were up by 44% on the same period last year and were some 10% ahead of the previous record for the quarter.

The company's earlier position was primarily attributable to problems in the sales organisation in the US and to a lesser extent due to a legal dispute with the company's former German distributor. Major restructuring throughout the group, which includes the move to outsourcing of some manufacturing, coupled with a successful outcome with regard to the German dispute has enabled the company to regain its balance and once again move forward.

Compumedics' last quarter achievement of record sales in the US and Germany demonstrates the company's resilience in those markets after a short pause. Combined with sales momentum in Asia, which has remained very strong, and the company's continued commitment to its research and development program, the new product release schedule is as full as ever in the company's history.

Major contracts won

In recent weeks, Compumedics has signed two major contracts in the US and Germany. The winning of these contracts confirms the status of the company, the quality of its technology and its ability to successfully compete in key European and North American markets.

American Sleep Medicine (ASM), a significant customer in the US recently ordered their 150th Compumedics' diagnostic system. ASM (www.americansleepmedicine.com) is a US network of sleep diagnostic testing centres designed from the ground up to provide the latest in sleep medicine. The centres perform over 20,000 sleep studies per annum. Further, a major hospital in northeast USA will purchase equipment to set up as many as 24 sleep diagnostics beds in two stages over the coming months. A first stage including the set up of two beds was completed in October 2006 and the second stage of up to 22

beds will be completed by the end of January 2007. The value of the transaction is up to AUD1 million to Compumedics. This is the largest single contract won by the company.

Compumedics has entered into an exclusive arrangement with Inomed Medizintechnik (www.inomed.de) for the distribution of its products into the neurology and psychiatric diagnostics services market in Germany. Inomed Medizintechnik GmbH will purchase a minimum of USD3 million of Compumedics products by the end of the 2009 financial year. Inomed is one of Germany's premier organisations in the interoperative neurophysiological monitoring and neurological diagnostics markets. This is a significant strategic step for Compumedics into these monitoring and diagnostics markets, in particular, the long-term EEG monitoring market, being based on the release of its new product, Neuvo™ Long Term Monitoring. This step validates the Company's acquisition strategy, particularly the acquisition of the Neuroscan business in 2002. The acquisition strategy was recognised with an award in 2003 from market research group, Frost & Sullivan on the back of the Neuroscan acquisition. The Neuroscan business division operates in the clinical neurology market, which has an annual market potential of up to US\$1 billion. Mr Burton said "The consummation of this agreement with one of Germany's finest clinical organisations validates Compumedics' strategic directions. The transaction will generate incremental revenue for the Company and is expected to be the first of more transactions in this area."

A major installation that will serve as a reference site in Europe for Compumedics' sleep diagnostics products will be finalised in the very near future. The installation will include SIESTA® products worth approximately AUD300,000.

New technology – breakout innovations

The company's world leading technology is a primary source of its competitive advantage. Accordingly, Compumedics has maintained its annual research and development spending over the past two years at around \$7 million. This demonstrates the Company's confidence and commitment to its strong growth outlook.

The Medical Innovation breakout product division is now up and running within the Company, with a series of projects likely to show growth and attract new capital raisings. Whilst the primary focus of this division has been on diagnostic technologies, groundbreaking work has been undertaken on treatment technologies leveraging off the company's knowledge base in the sleep, cardiac, and Doppler fields.

Over the next few months, Compumedics expects to launch two breakout products, one of which is a world first in providing a treatment option for a major life threatening occurrence. This technology is currently the subject of negotiations regarding a major capital raising.

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 12,000 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.

Compumedics has grown to become a global medical diagnostic 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 \$38 million (2005), reflecting its continued commitment to an effective sales and R&D organisation.

For more information about Compumedics you can visit: www.compumedics.com

On behalf of: Compumedics Limited

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