COMPUMEDICS™

'Defining *Life's* Signals'

Business Update - June 30th, 2007

Over view

- Financial update – highlights
- Financial update - details
- Business unit revenues
- Geographic revenues
- Key activities completed
- Early FY2008 performance
- Outlook – financial
- Outlook – technology
- Recap

Financial update - highlights

- Major Turnaround in financial performance continues
- FY2007 profitable and operating cash positive
- Sales stabilised despite adverse impact of USD/AUD
- On-going substantial reduction in operating costs
- Bank debt significantly reduced
- R&D pipeline maintained
- New breakout SPAP technology released

"Restructuring working and Compumedics back on track!"

Financial update - details

- Gross margins up 7% over the previous year to 59%
- Operating expenses decline $2.8m for FY2007 compared to FY2006. Down $5m compared to FY2005
- EBITDA up to $1.3m profit compared to prior year loss of $0.5m
- Profit after tax at $0.1m is $1.7m better than the prior loss of $1.6m

Financial update - details

- Borrowings were substantially reduced from $6.4m in the prior year to $3.4m at end of FY2007
- Borrowing costs at $0.9m were 80% higher than the prior year's $0.6m
- Sales in USA (+11%), Europe (+16%), Australia (+5%) and DWL (+6%) were up but not enough to counteract the fall in sales in Asia (-36%), the latter primarily being attributable to adverse temporary Chinese regulatory changes
- Net Foreign exchange was a $1m loss for FY2007 being a $1.3m adverse movement from FY2006

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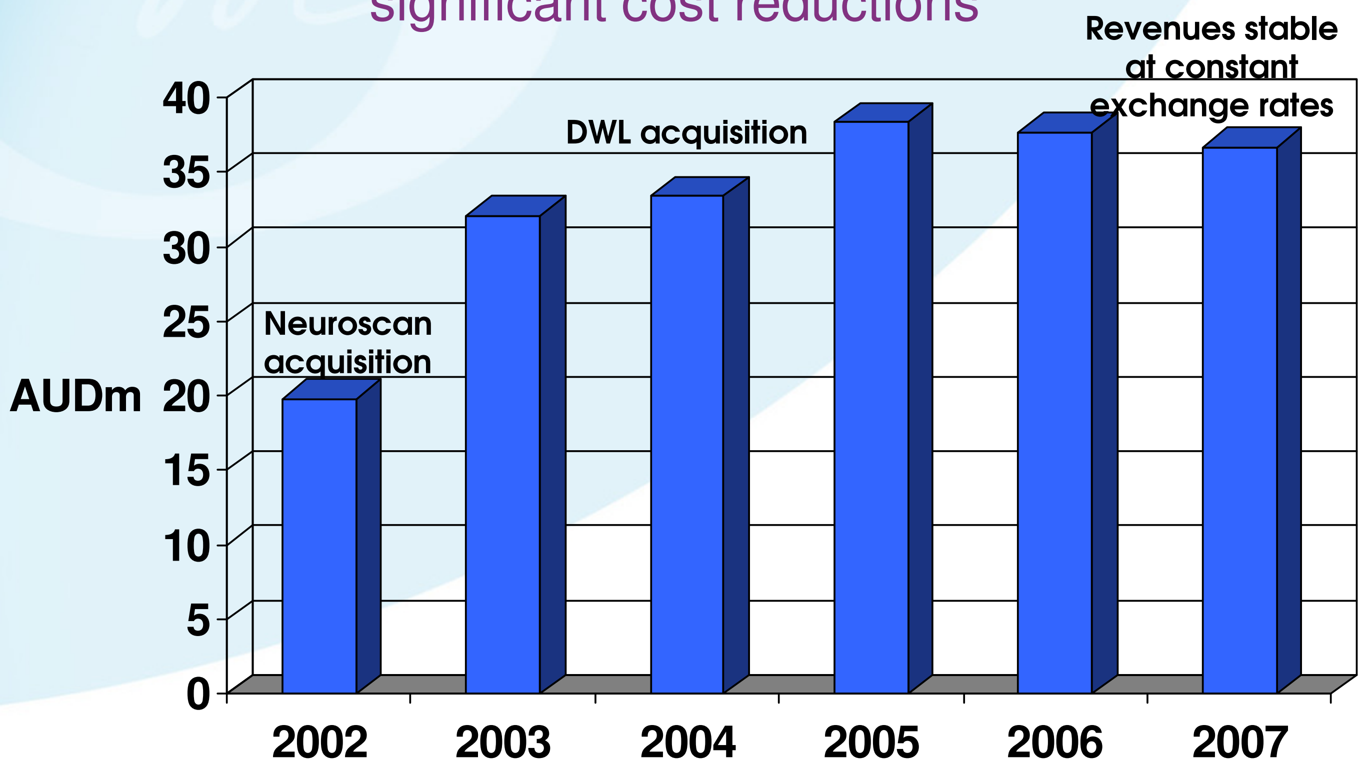
Financial update - details

	2004 actual	2005 actual	2006 actual	2007 actual
Revenues ($m)	34.0	38.2	37.7	**36.7**
Margins %	57%	53%	52%	**58%**
Other income	0.4	0.3	1.3	**0.1**
Operating Expenses	16.8	24.3	22.1	**19.5**
EBITDA	2.9	(2.6)	(0.5)	**1.3**
NPAT	2.4	(4.7)	(1.6)	**0.1**

Financial update - details

Total group sales stabilised despite rising Australian dollar and significant cost reductions



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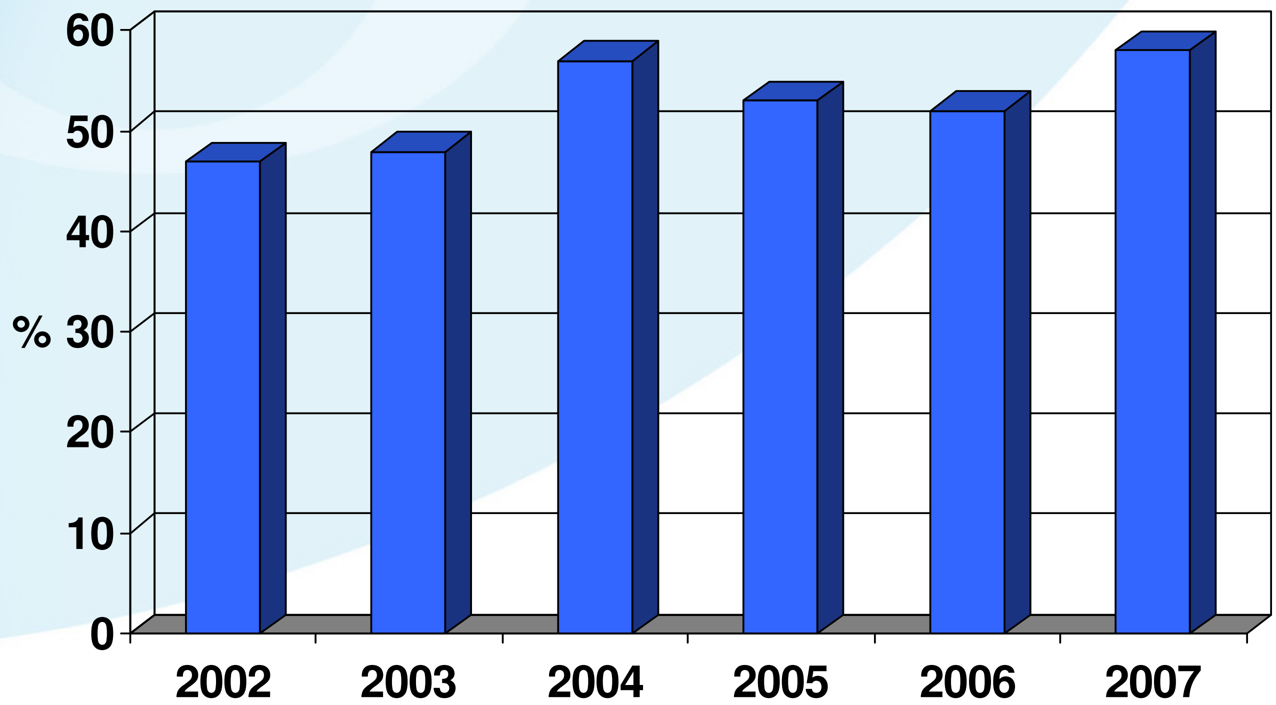
Financial update - details

Gross Margins % improving as a result of on-going restructuring and cost improvements programs and despite the surging Australian dollar



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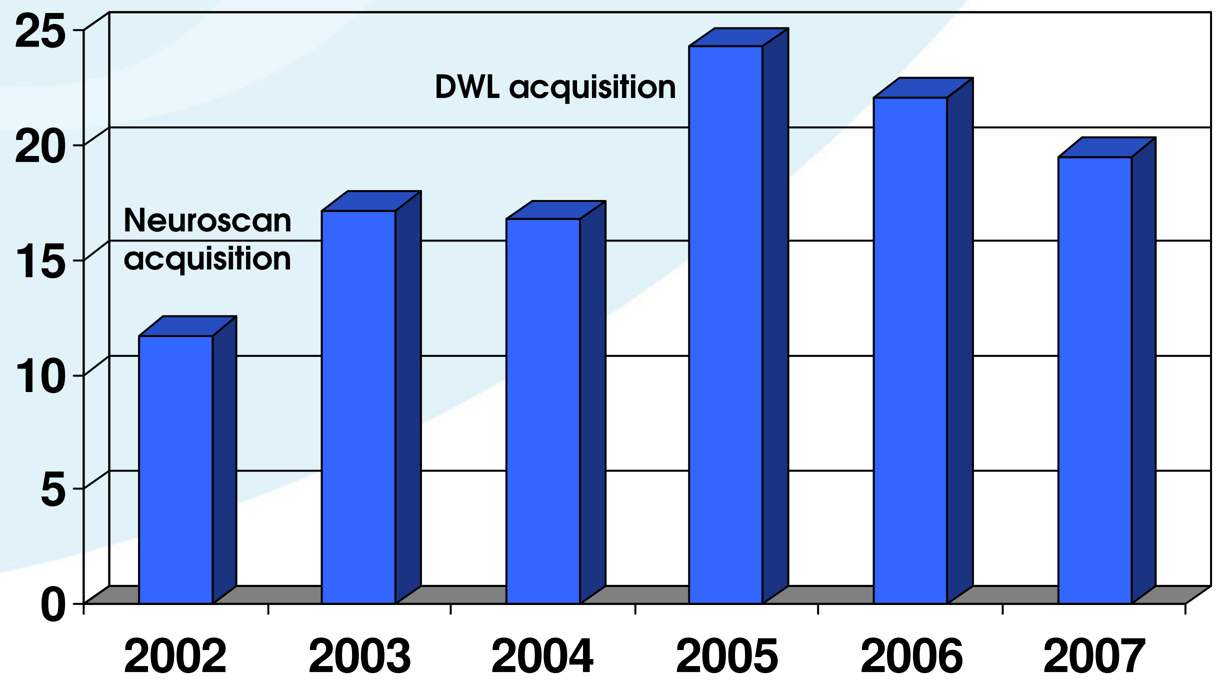
Financial update - details

Operating Expenses continue to decline - $5m over the last two years



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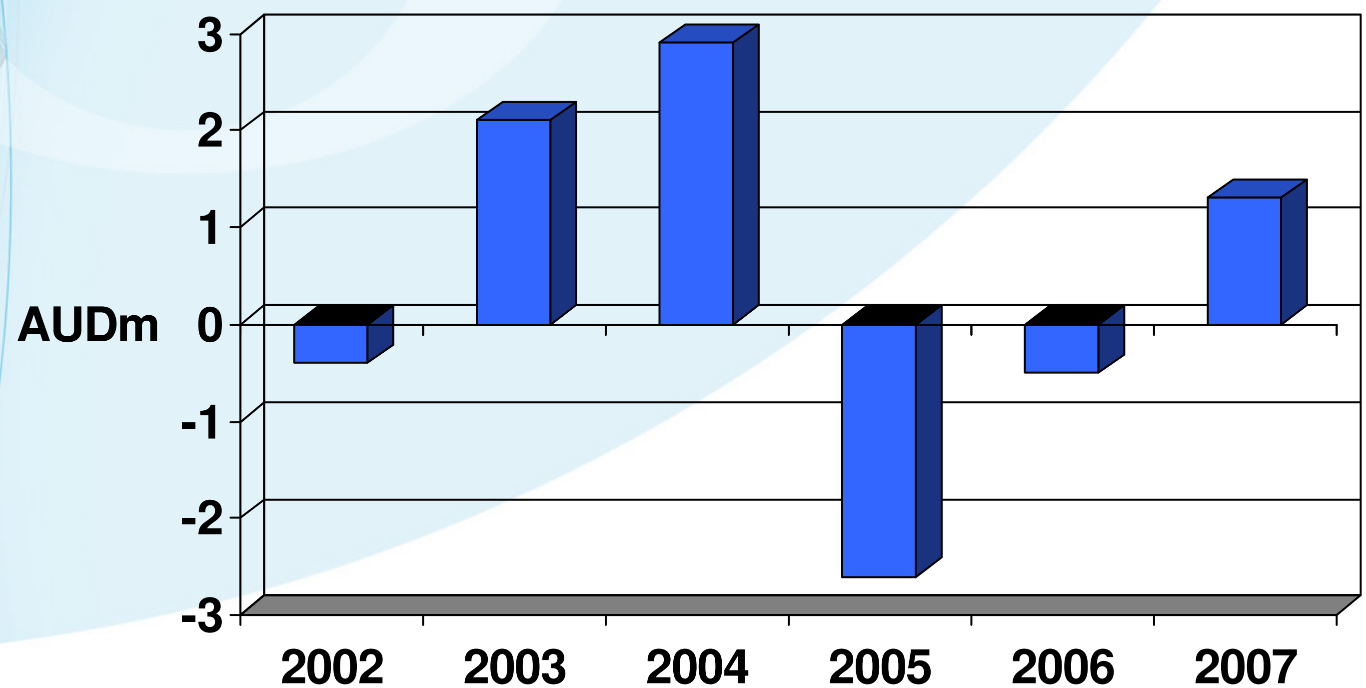
Financial update - details

EBITDA returned to profitability at current revenue levels



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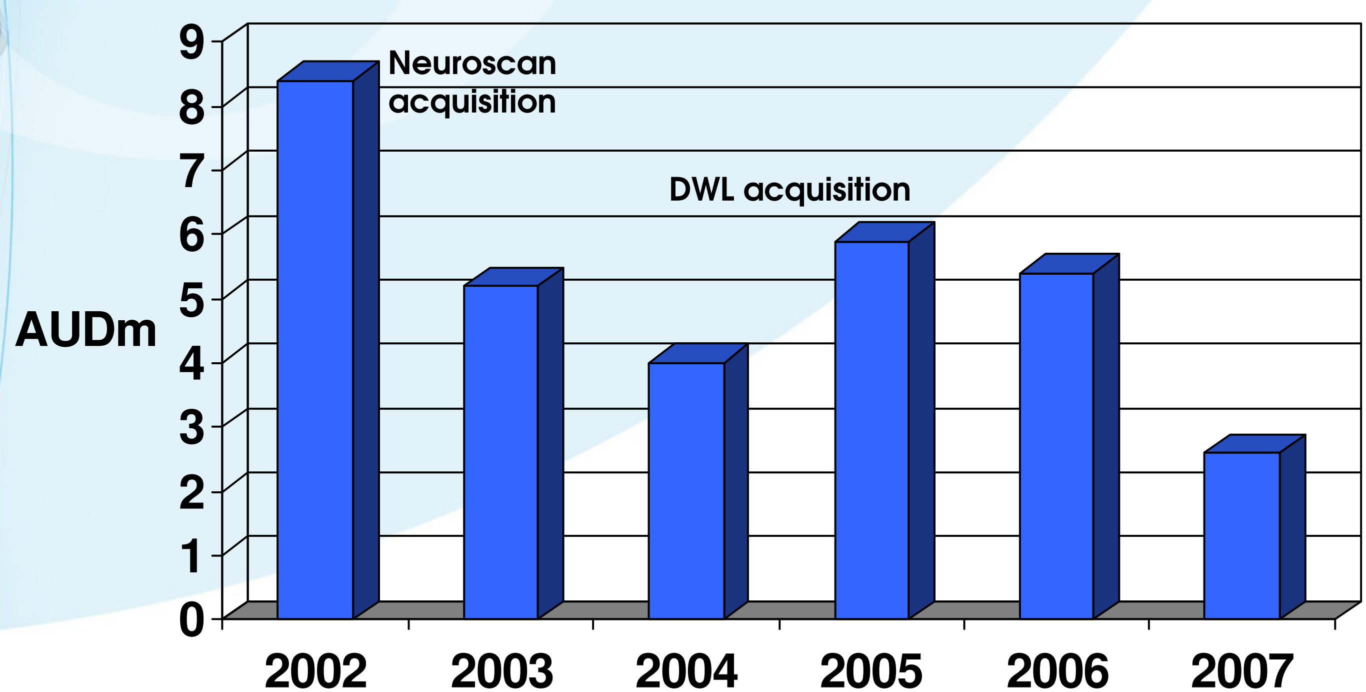
Financial update - details

Bank debt paid down through some fairly tough times



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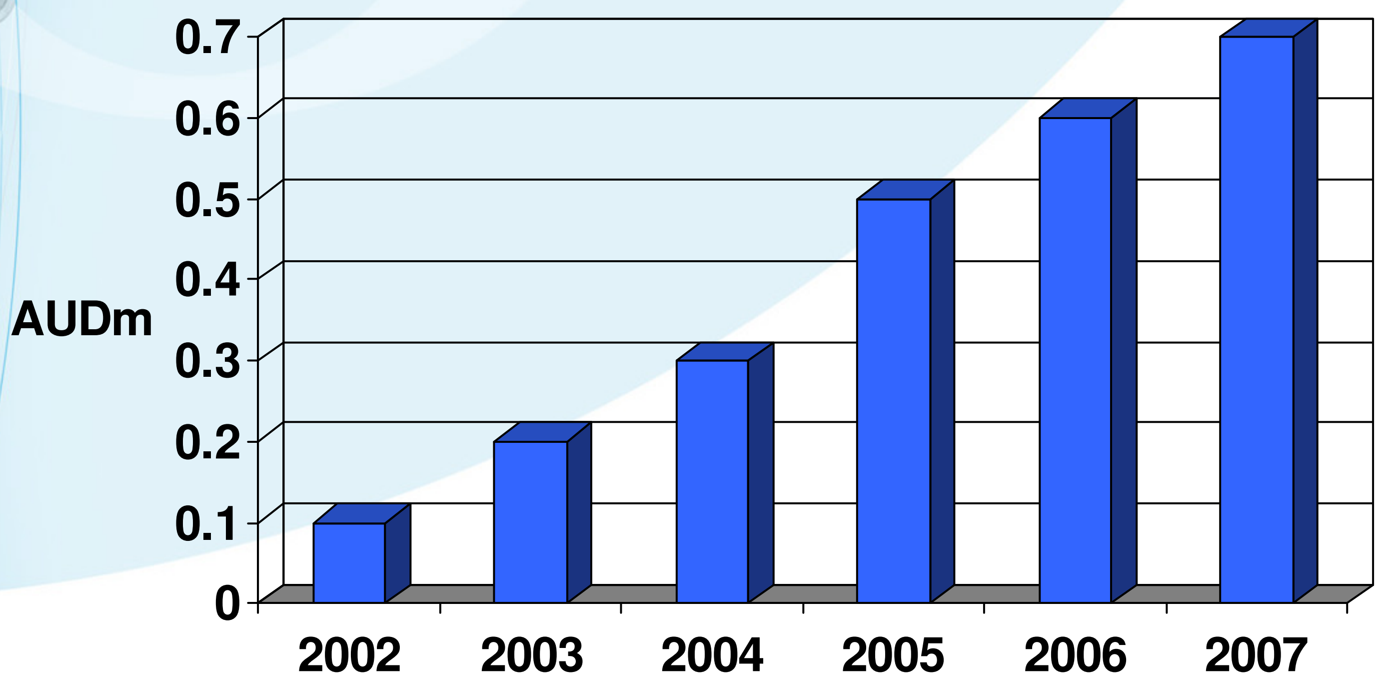
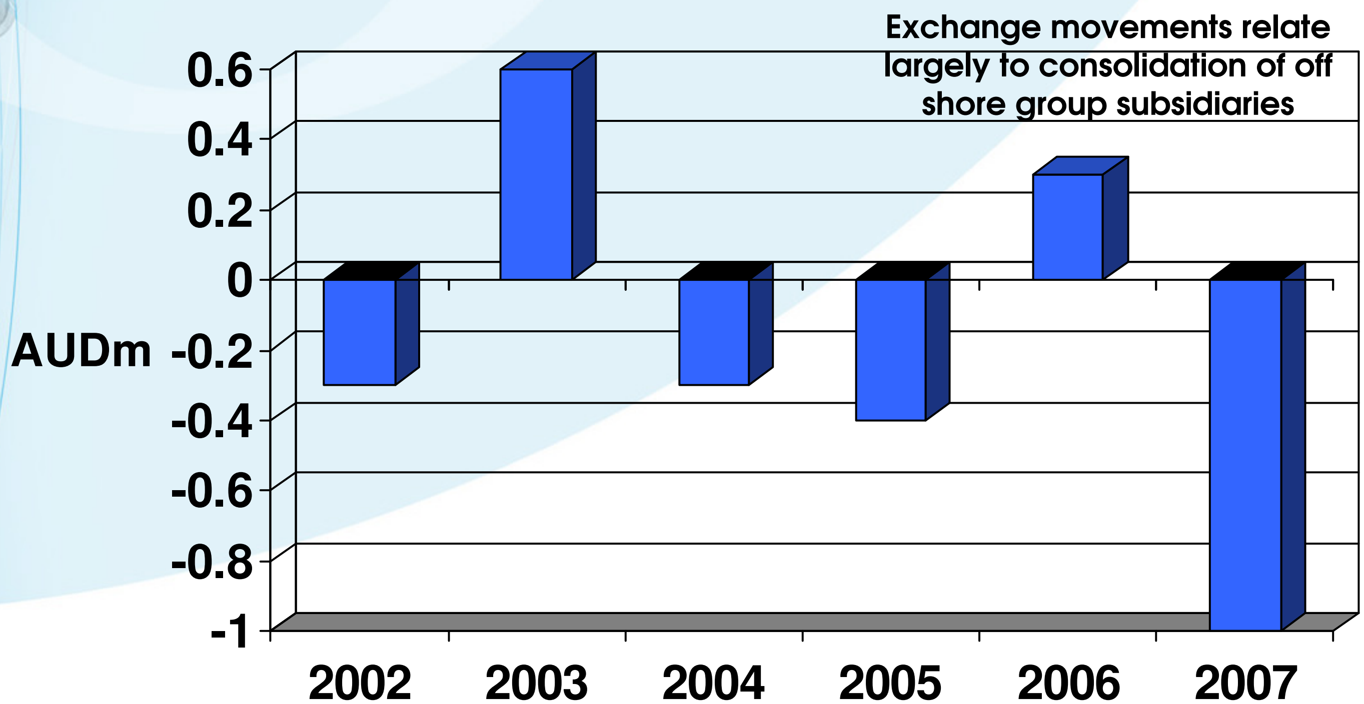
Financial update - details

Bank costs escalate despite debt repayment



Financial update - details

Foreign exchange impacts adversely in current financial year



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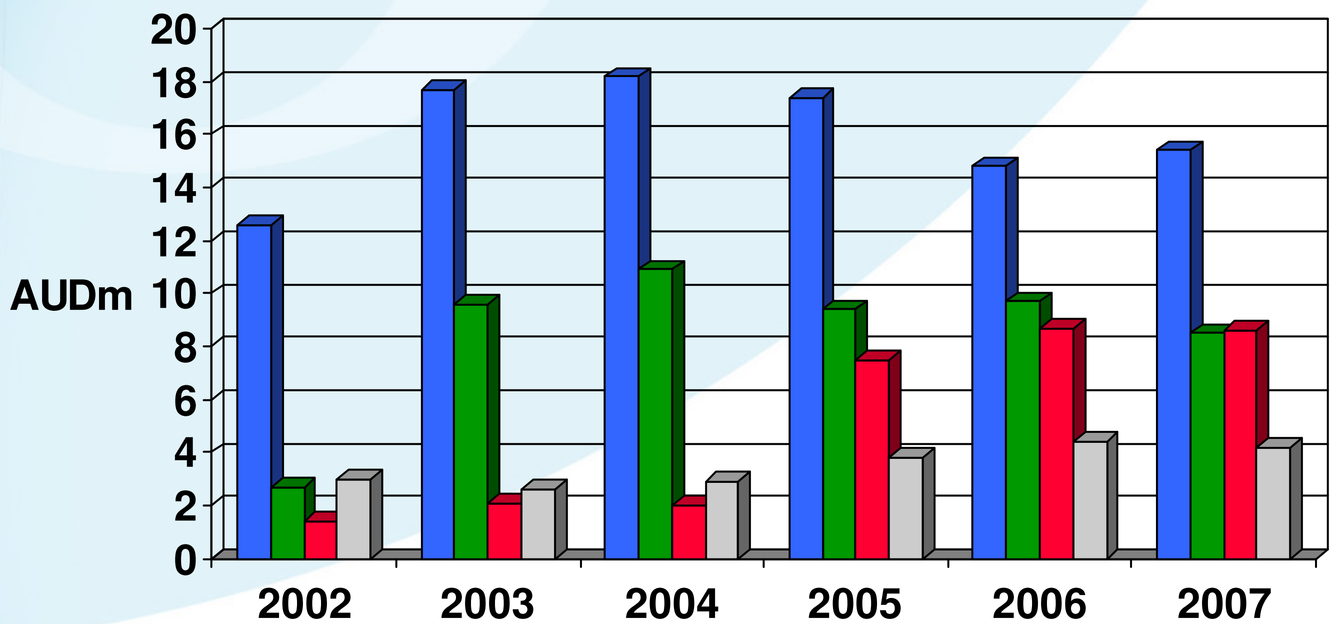
Business unit revenues

Business unit revenues stable across all business units with annuity-style supplies revenues increasing



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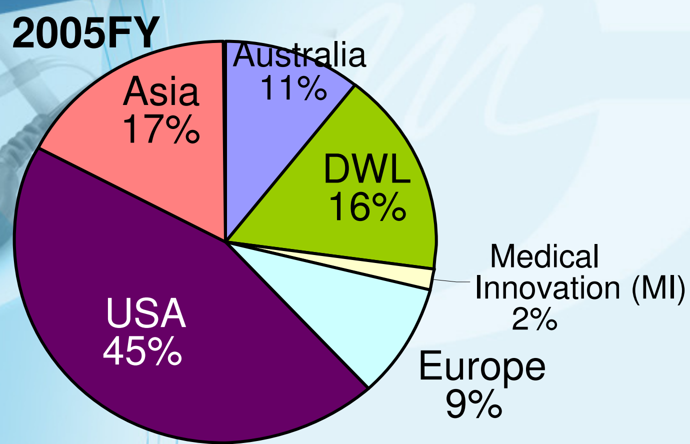
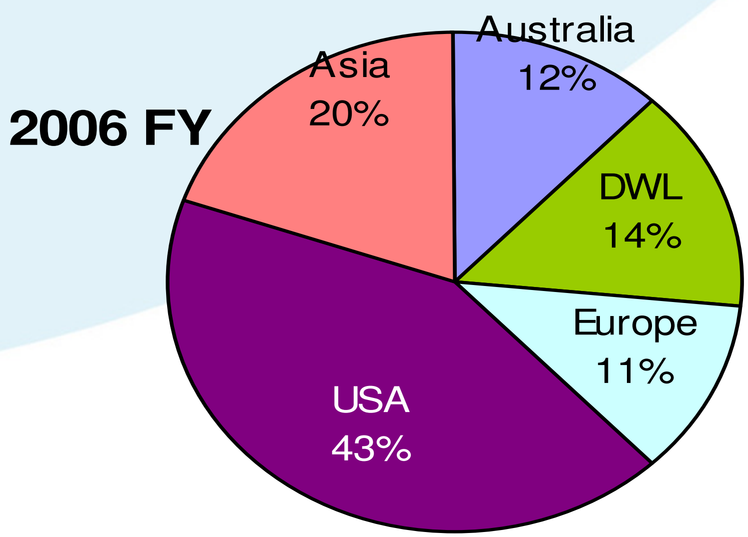
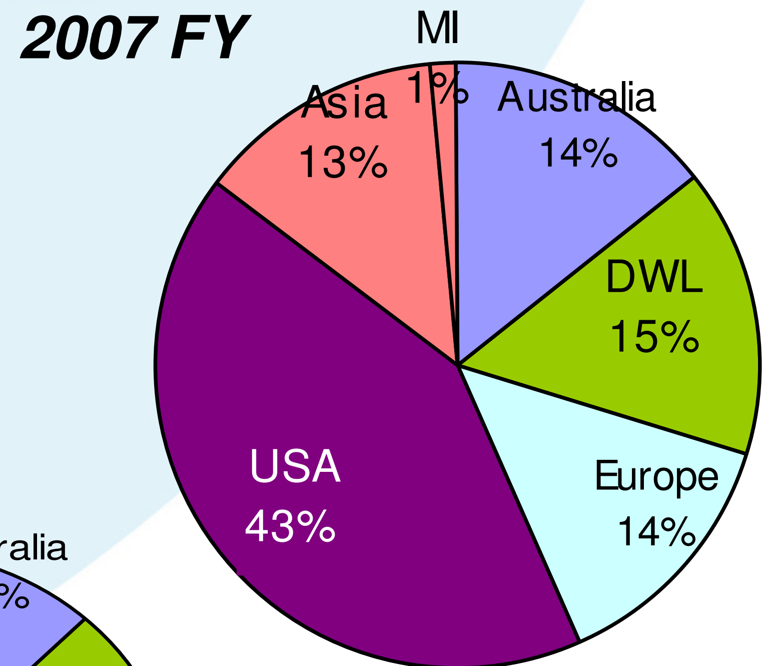
Geographic revenues







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Key achievements completed in FY2007

- New distributors signed up for Europe with incremental sales commitments of $10m over the next three years
- Sub leasing of 1/3 of property in Abbotsford (saving $200k pa approximately from May 2006)
- Relocation of US office from El Paso, Texas to Charlotte, North Carolina (saving USD50k year one and USD100k pa thereafter)
- Release of next generation sleep diagnostic software Profusion PSG3
- Release of new ambulatory sleep device, Somte PSG
- Initial commercial sale of SPAP technology
- Compumedics inducted into Victorian Manufacturing Hall of Fame

Early FY2008 performance update

- Business trending to plan.
- Business starting to pick up again in the Northern hemisphere following the annual summer slow down in July and August.
- Cost containment continues.
- Australian dollar still high to the US dollar but looking softer.
- Australian market looks very good following on from the strong domestic economy.
- New market opportunities for existing products currently presenting themselves in Europe and the US. Details will be announced as these are formalised.

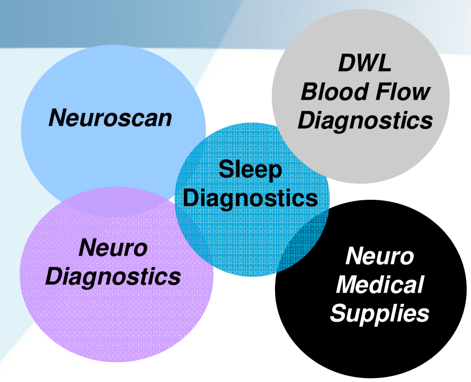
Outlook - financial

- International market expansion of the core sleep business.
- Expansion of core sleep-diagnostic and monitoring technology into the associated fields of neurology and cardiology.
- Expand recurring revenue base (sensors, electrodes and other consumables).
- Growth opportunities for core technology into stroke diagnosis and treatment, sleep treatment, fMRI and depth of anesthesia developing.
- Sleep treatment opportunity being progressed as we speak.

Outlook – financial

- Maximise penetration of existing products into existing markets.
- Roll out of new generation hardware and software for existing products.
- Continuing vigilance on cost controls and further cost reduction possibilities.
- Tight management of working capital with particular emphasis on receivable and inventory management.

Outlook - technology



Building a global medical diagnostic company

- With Compumedics' core strategic edge being Sleep Diagnostics
- Leveraging this technology into related fields including Neurosciences, Cardiology, Brain Research, Neuromedical supplies. 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.
- 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.
- From 1999-2007, the company increased its sales from $9 million to almost $40 million, reflecting its product development initiatives, combined with its own strong distribution network in the United States, which accounts for 43% of sales. 86% of sales are exported world-wide.

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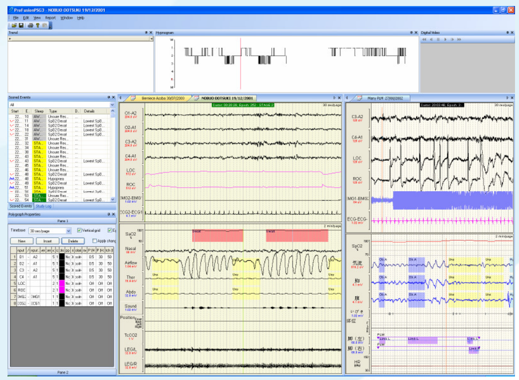
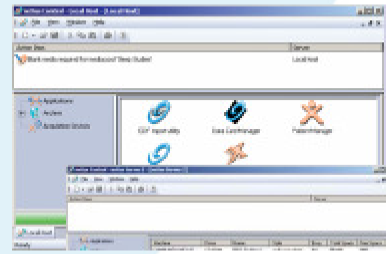
Outlook - technology

New Products

Somte PSG



Profusion PSG 3



Nexus

Neuvo

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Outlook - technology

No other company has the world's leading technology
and/or market position covering
3 of the key rapid growth new generation medical
technology market
first discovered in the 1980s

- ***Clinical Sleep***
- ***Transcranial Doppler** (TCD)*
- ***Computerised Cognitive Neuroscience/EEG brain function***

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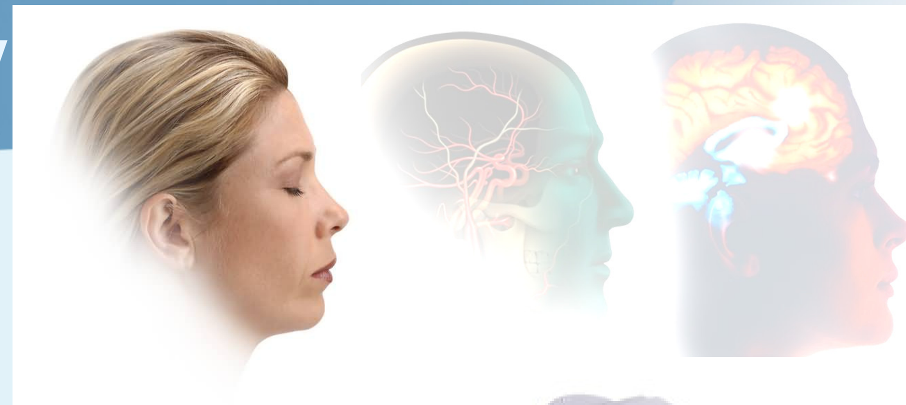
Outlook - technology



Sleep Market

- *Pioneering of computerised PSG (CMP;1987) and CPAP treatment discovery [Sullivan, CE (1981), Sydney Australia]*
- *40% of the Australian Clinical EEG Market and 70% of the Australian Sleep Diagnostics Market.*
- *10% USA market share and growing in sleep diagnostics.*
- *Developed and installed Australia's first computerised sleep centre at Melbourne's Epworth Hospital in 1988.*

Epworth

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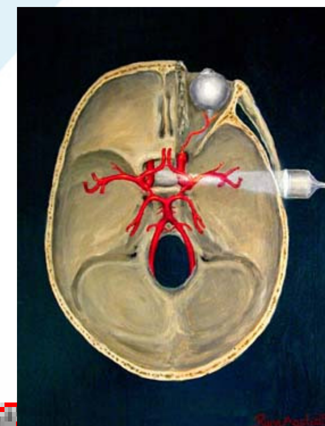
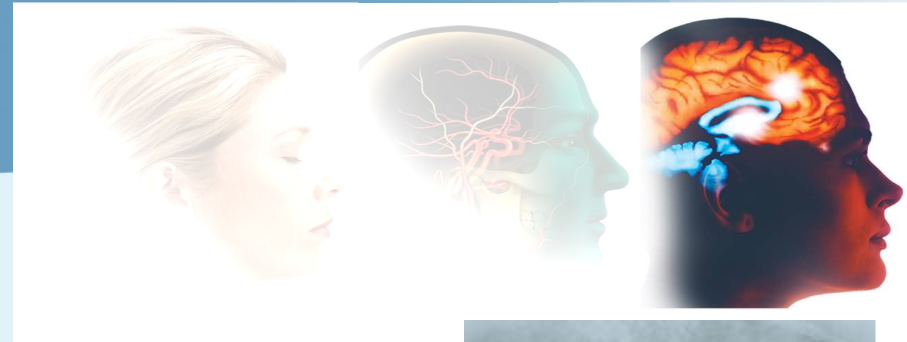
Outlook - technology

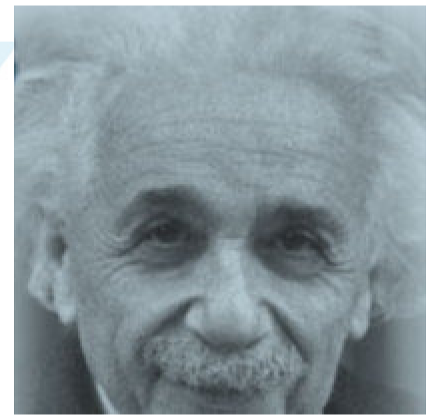


Transcranial Doppler (TCD) Market

- *Developed by Dr. Rune Aaslid in 1982, today DWL's client*
- *DWL has a strong market share in Germany and well established distribution networks in Europe*
- *World's firsts include :*
  - *Bilateral Doppler ,*
  - *Emboli differentiation*
  - *Full digital Doppler*

Outlook - technology





Computerised Cognitive Neuroscience/EEG brain function

- *Pioneered by Neuroscan in 1989*
- *Commands 90% of the US Market for Research EEG applications and a significant market share worldwide.*
- *Sells its products in over 50 countries worldwide to over 1500 universities, corporate laboratories and national research centres.*
- *First to commercialise high-density EEG/EP recordings, electromagnet source locationisation, merging of multi-modal neuroimaging data.*
- *World opportunity - $1.2b size of the industry of which we have less than 3% market share.*

VERITAS HARVARD

ALBERT EINSTEIN COLLEGE OF MEDICINE of Yeshiva University

MAYO CLINIC College of Medicine

STANFORD UNIVERSITY

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Business Recap

- Group returned to profits at existing sales levels after two years of significant restructuring
- Group generates positive operating cash compared to prior year
- Bank debt cut in half during the current year
- Cost vigilance to remain
- R&D product pipeline strong
- Focus on restoring group growth and increasing profitability

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Thankyou