



Compumedics Limited Business Update

Melbourne Australia, Thursday, 15 November, 2007

Leading Australia-based medical diagnostics devices company, Compumedics Limited (ASX: CMP), is pleased to announce that it has completed an Other Equipment Manufacturer Agreement with an Austrian-headquartered company for a product line to expand the Company's product range into the multi-million dollar global electromyography (EMG), NCS (nerve conduction studies), evoked potential (EP), and intra-operative monitoring (IOM) medical-device markets. The Company will distribute the products under the "Xegis" trade mark around the world.

The global market for EMG diagnostic systems is about \$50 million annually and growing, especially in the higher end systems used for monitoring patients undergoing neurosurgical and orthopaedic operations. Clinically, EMG systems are used to diagnose a wide variety of neuromuscular and neuropathological disorders. There is also a growing market for using EMG in treatment protocols, an example being the EMG-guided application of Botox™ (*Botulinum* toxin) in the treatment of spasticity.

EMG instruments are purchased principally by specialist physicians (neurologists or neurophysiologists). They are also purchased by institutions for use in out-patient departments, pre-surgical screening, and IOM. For IOM, there is a high degree of overlap between the new Xegis™ product range and Compumedics current product range, as these same departments who purchase EMG instrumentation also purchase EEG systems, epilepsy monitoring systems, and polysomnography systems. Increasingly, these departments require a single source solution to tie everything together and interface with their own Institutional IT infrastructure – the same vision we had in the development of our NeXus™ product - a single common database for all of our systems with seamless integration into institutional IT systems.

The Xegis™ product range has been available in limited European markets since its introduction in 2005 by our new strategic partner, EMS Handels Gesellschaft m.b.H. (EMS) of Austria. Existing customers include some of the top teaching hospitals in Austria, Germany, and Italy. With its advanced hardware and unique software applications, the Xegis™ range is naturally attractive to top tier institutions that require the best technology available, a distinct competitive advantage of the Xegis™ range. From the perspective of EMS, Alfred Ortner, its Managing Director, said about the transaction,

"We are very pleased to have entered into this strategic alliance as we feel that our superior technology and the strength of the global distribution channels of Compumedics make an unbeatable combination".

David Burton, CEO of Compumedics, said about the transaction,

"This strategic move provides a jump-start for the Company to build on its past successes in the sleep and neurodiagnostics markets around the world. Compumedics has not had product offerings in these areas to date. The Company's board took the decision to expand and complement the current and in-development product range immediately as this opportunity presented. It will be immediately cash-flow positive as the Company will be able to announce this

new development at the MEDICA conference in Germany this week, which will be attended by customers from around the world.

For Further information:

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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 14,000 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.

In 2006, Compumedics was awarded the Frost and Sullivan Technology Leadership award for the innovative Somté recorder product.

In 2007, Compumedics and its Chairman were inducted into the Victorian Manufacturing Hall of Fame for their pursuit of excellence in manufacturing.

Compumedics has grown to become a global diagnostic medical device 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 (2006), reflecting its continued commitment to an effective sales and R&D organisation.

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