

Appendix 4C
Quarterly report
for entities admitted
on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

SomnoMed Limited

ABN

35 003 255 221

Quarter ended (current quarter)

30th Sept 2012

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A,000	Year to date \$A,000
1.1 Receipts from customers	4,018	4,018
1.2 Payments for		
(a) staff costs	(1,689)	(1,689)
(b) advertising and marketing	(348)	(348)
(c) research and development	(17)	(17)
(d) leased assets	-	-
(e) other working capital	(1,809)	(1,809)
(f) business development	(69)	(69)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	29	29
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other income- net grants/R&D concessions	-	-
Net operating cash flows	115	115

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A�000	Year to date \$A�000
1.8 Net operating cash flows (carried forward)	115	115
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investment associate	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(12)	(12)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loan to associated entity	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
	(12)	(12)
Net investing cash flows		
1.14 Total operating and investing cash flows	103	103
Cash flows related to financing activities		
1.15 Net Proceeds/Costs from issues of shares, options, etc.	151	151
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
	151	151
Net financing cash flows		
Net increase (decrease) in cash held	254	254
1.21 Cash at beginning of quarter/year to date	3,538	3,538
1.22 Exchange rate adjustments to item 1.20	(7)	(7)
1.23 Cash at end of quarter	3,785	3,785

+ See chapter 19 for defined terms.

Continuing Global Growth for SomnoMed

SomnoMed Limited (SOM-ASX) announced today that it has again continued to achieve strong global sales growth for the first quarter FY2013. Total SomnoDent® unit sales for the first three months were 8,232 units, up by 22% compared to the same period in the previous year. This came as the result of European unit sales increasing by 26% and North American sales by 22%. APAC and Japan have also posted quarterly unit growth figures of 11% and 87% respectively over last year. Both of Europe and Japan posted record sales during the quarter.

Revenues grew by 29% over the same period last year, to reach total sales revenues of \$4.153m for the first three month period. The MAS Gross Margin for the quarter was 69.5%. Improved manufacturing and logistics efficiencies assisted in increasing the MAS gross margin from the 66% achieved in the same period in the previous year.

“Results achieved in the first quarter are confirming our recent statements that SomnoMed has a solid base business, generating excellent growth globally,” commented Dr. Peter Neustadt, SomnoMed’s Executive Chairman. “We are particularly pleased with the good growth achieved in the Northern summer holiday quarter. European results are indicative of SomnoMed’s future potential. The recently announced acquisition of Orthosom, the #2 company in the oral appliance market in France, the second largest country in Europe, should augur well for our business prospects in 2013. We are also very pleased with the margin improvements achieved as volumes keep rising,” he said.

Operating profit before corporate overheads, research and development costs was just over \$1m for the first quarter and up 82% over the same quarter of last year. “To have been able to manage strong growth and at the same time increase the profitability of the company during the quarter is a reflection of the focus of our management team in developing our global business in a competent and responsible way.”

SomnoMed’s previously announced new US medical initiative, which is expected to result in a significant strengthening and presence of SomnoMed in the US medical market, has commenced and will be implemented over the remainder of the financial year. Strategy reviews and planning have been carried out in all our regions over the last four months and senior appointments have been made. “The pathway for SomnoMed to take advantage of the growing acceptance of oral appliance therapy in the treatment of sleep disordered breathing patients is now clear. Plans and action programs are in process of being implemented in all regions we are trading in. The broad roll out of our new SomnoDent®G2 is scheduled to take place in all markets from the start of 2013,” said Dr. Neustadt.

“Innovation remains a key driver for our growth going forward so that MAS treatment becomes a well-accepted and mainstream treatment modality for OSA and SomnoDent® the product of choice for medical practitioners. SomnoMed operates a profitable and growing organization that has built the right platforms on which the next strategic blocks can be built. This new medical direction being undertaken in the US will define the company for the future and together with product innovations such as SomnoMed MATRx, will again allow the market to witness a new standard in oral appliance treatment and technology,” commented Dr Neustadt.

SomnoMed generated over \$247,000 during the quarter, resulting in a cash balance of \$3.78 million at the end of September.

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A 0 000
1.24	Aggregate amount of payments to the parties included in item 1.2	68
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Payments made during the quarter include directors' fees

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A 0 000	Amount used \$A 0 000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	2,795	2,108
4.2 Deposits at call	990	1,430
4.3 Bank overdraft	-	-
4.4 Other (provide details) Bank Bills	-	-
Total: cash at end of quarter (item 1.22)	3,785	3,538

Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity	N/A	N/A
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
(Company Secretary)

Date: 22nd October 2012

Print name: T A Flitcroft

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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