

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 September 2014

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	6,053	6,053
1.2 Payments for		
(a) staff costs	(2,830)	(2,830)
(b) advertising and marketing	(312)	(312)
(c) research and development	(7)	(7)
(d) leased assets	-	-
(e) other working capital	(3,116)	(3,116)
(f) business development	(17)	(17)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	27	27
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(6)	(6)
1.7 Other income- net grants/R&D concessions	-	-
Net operating cash flows	(208)	(208)

+ 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)	(208)	(208)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	(96)	(96)
(b) equity investment associate	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(305)	(305)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) intellectual property	-	-
(c) physical non-current assets	-	-
(d) other non-current assets	-	-
1.11 Loan to associated entity	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
	(401)	(401)
Net investing cash flows		
1.14 Total operating and investing cash flows	(609)	(609)
Cash flows related to financing activities		
1.15 Net Proceeds/Costs from issues of shares, options, etc.	6,618	6,618
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)	-	-
Net financing cash flows	6,618	6,618
Net increase (decrease) in cash held	6,009	6,009
1.21 Cash at beginning of quarter/year to date	2,994	2,994
1.22 Exchange rate adjustments to item 1.21	21	21
1.23 Cash at end of quarter	8,974	8,974

+ See chapter 19 for defined terms.

NEW RECORDS IN SEPTEMBER CONFIRM GUIDANCE

A strong result in September, with sales of 4,535 apnea devices, produced a growth of 25.2% year over year. This allowed the seasonally weakest Northern summer quarter to generate total sales of 11,200 units (+20.3% year over year).

September broke a number of records – being the highest sales volume achieved globally in any month and individual record results in all three global regions, with growth rates for the month of US +23.9%, Europe +27.1% and APAC/Japan +26.2%.

“July and August are the weakest months of the year caused by summer holidays, especially in Europe. However, the record sales reached in September confirm our guidance for the half year,” commented Dr. Peter Neustadt, Executive Chairman of SomnoMed Limited.

As expected, emerging markets such as Norway, Belgium, France, Italy, Korea and New Zealand showed strong growth. First devices were sold in Finland and the UK. There were good developments in Japan and Australia. The company’s core markets in the US, Sweden and Holland also produced good growth in the month and the quarter confirming the company’s growth expectations for 2014/15.

“Our new products, SomnoDent® Fusion and SomnoDent® Herbst Advance have been launched after the Northern hemisphere’s summer holidays. First reactions are very good and we are looking forward to see their share of our business growing throughout the year,” said Neustadt.

In September the Managed Care operation of SomnoMed North America entered into a direct contract with another US insurer. Under this contract SomnoMed will supply devices and dental services to patients diagnosed with mild and moderate conditions on a first line basis. A number of SomnoMed network dentists have been presented to and vetted by the insurer to fit SomnoDent® devices. The insurer represents about 500,000 members.

Construction work at SomnoMed’s manufacturing plant to double its capacity is underway and is expected to be concluded by the end of this year.

The Share Purchase Plan (SPP) offer which was sent to our shareholders in August was limited to one million shares. Applications lodged with SomnoMed for the SPP exceeded over \$6 million, resulting in the offer being oversubscribed in excess of four times. As a result the board of SomnoMed excluded all shareholders who participated in the prior placement from receiving any shares in the SPP.

At the end of September 2014 SomnoMed held cash of approximately \$9million.

+ 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'000
1.24	Aggregate amount of payments to the parties included in item 1.2	150
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	<p><u>Explanation necessary for an understanding of the transactions</u></p> <div style="border: 1px solid black; padding: 2px;"> Payments made during the quarter include directors' fees </div>	

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

+ See chapter 19 for defined terms.

Reconciliation of cash

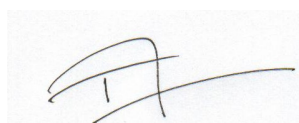
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	2,909	2,431
4.2 Deposits at call	6,065	513
4.3 Bank overdraft	-	-
4.4 Other (provide details) Bank Bills	-	-
Total: cash at end of quarter (item 1.22)	8,974	2,944

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: 16th October 2014

Print name: T A Flitcroft

Notes

+ See chapter 19 for defined terms.

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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