

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 June 2016

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	10,474	42,988
1.2 Payments for		
(a) staff costs	(4,306)	(16,314)
(b) advertising and marketing	(784)	(2,590)
(c) research and development	(7)	(22)
(d) leased assets		
(e) other working capital	(3,876)	(21,453)
(f) business development	(275)	(395)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	13	56
1.5 Interest and other costs of finance paid	(3)	(10)
1.6 Income taxes paid	(4)	(155)
1.7 Other income- net grants/R&D concessions		
Net operating cash flows	1,232	2,105

+ See chapter 19 for defined terms.

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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)	1,232	2,105
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	(128)	(1,226)
(b) equity investment associate		
(c) intellectual property	(17)	(99)
(d) physical non-current assets	(235)	(1,908)
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) net cash from a previous associate company now a controlled entity	-	-
(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)	-	-
Net investing cash flows	(380)	(3,233)
1.14 Total operating and investing cash flows	852	(1,128)
Cash flows related to financing activities		
1.15 Net Proceeds/Costs from issues of shares, options, etc.	10,256	10,460
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	10,256	10,460
Net increase (decrease) in cash held	11,108	9,332
1.21 Cash at beginning of quarter/year to date	6,483	8,306
1.22 Exchange rate adjustments to item 1.21	41	(6)
1.23 Cash at end of quarter	17,632	17,632

+ See chapter 19 for defined terms.

Strong finish to the financial year for SomnoMed

SomnoMed Limited announced today that continuing strong Q4 growth in direct sales volume allowed it to generate unaudited quarterly group revenues of \$11.6 million (+ 28.6%) and total group revenues for the 2015/16 financial year of \$44 million, representing an annual growth of +27.7%.

Q4 direct sales reached a record 14,965 units (+21.8%) globally. Direct quarterly sales in North America grew by 25.6%, whilst Europe posted a growth of 22.9% and APAC/Japan grew by 2.5% in the quarter. Within the APAC region, in the last quarter of the financial year Japan delivered a unit sales growth of 18.4% and South Korea of 27.6%.

As expected, sales through licensees in North America continued to drop in Q4 by 54.2%, bringing total sales for the quarter to 15,989 devices (+10.1%).

European growth accelerated in Q4, with above average growth achieved in Benelux and exceptional growth in both France (+30%) and the Nordic countries (+40%).

Total device sales for the year 2015/16 were 58,983 units. Sales through licensees accounted for 3,008 units, 47% less than in the previous year, and represented only 5% of total global sales, compared to 11% in the previous year. The shift from licensees to direct sales contributed to the high revenue growth achieved in 2015/16.

Direct sales of almost 56,000 units represented a growth of 22.6% year on year. Direct sales in North America grew by an impressive 27.7% during the year and represented 50% of global direct sales. European sales grew by 20.6% in 2015/16, representing 39.4% of global direct sales. The APAC/Japan region, representing 10.6% of global direct sales, grew by 8.4%.

“Q4 sales brought an excellent year to an end. Direct sales in the US in June grew again by over 29% year on year, delivering growth for the quarter of 25.6% and for the year of 27.7%. Sales in the fourth quarter and especially June indicate that the impact of insurance reimbursement issues generally experienced at the beginning of the new calendar year have been overcome and patient demand is back to normal. This augurs well for the second half of this year,” said Dr Peter Neustadt, Executive Chairman of SomnoMed.

“We are particularly pleased with the growth achieved in France and a number of new and emerging markets in Europe, allowing European sales to generate an annual growth of over 20%. Also in Europe we saw an acceleration of the growth rate in Q4, which should indicate good continued growth ahead,” commented Dr Neustadt.

All of SomnoMed’s new products performed very well in all markets in 2015/16 and represented 37% of total direct global sales. Trends indicate growing acceptance of the SomnoMed’s new Fusion, Herbst Advance and Air line of products is likely to continue in 2016/17.

“Sales through licensees in North America will probably reduce further in the future but given they represented just 5% of our global sales in the financial year 2015/16 it won’t materially affect the overall growth rate in the new financial year,” said Dr Neustadt.

Net operating cash flow for the quarter was \$1.23 million, taking the cash position at the end of June 2016 to \$17.6 million.

+ 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	168
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'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	13,686	5,753
4.2 Deposits at call	3,946	730
4.3 Bank overdraft	-	-
4.4 Other (provide details) Bank Bills	-	-
Total: cash at end of quarter (item 1.22)	17,632	6,483

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: 21st July 2016

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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