

**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")

**31st March 2011**

**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	3,124	8,860
1.2 Payments for		
(a) staff costs	(997)	(3,054)
(b) advertising and marketing	(331)	(1,261)
(c) research and development	(40)	(129)
(d) leased assets	-	-
(e) other working capital	(1,734)	(4,867)
(f) business development	(92)	(319)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	23	75
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other income- net grants/R&D concessions	25	132
<b>Net operating cash flows</b>	<b>(22)</b>	<b>(563)</b>

+ 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)	<b>(22)</b>	<b>(563)</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investment associate	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(83)	(229)
(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)	-	-
	<b>(83)</b>	<b>(229)</b>
<b>Net investing cash flows</b>		
<b>1.14 Total operating and investing cash flows</b>	<b>(105)</b>	<b>(792)</b>
<b>Cash flows related to financing activities</b>		
1.15 Net Proceeds/Costs from issues of shares, options, etc.	-	229
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)	-	-
	-	<b>229</b>
<b>Net financing cash flows</b>		
<b>Net increase (decrease) in cash held</b>	<b>(105)</b>	<b>(563)</b>
1.21 Cash at beginning of quarter/year to date	<b>3,749</b>	<b>4,295</b>
1.22 Exchange rate adjustments to item 1.20	(6)	(94)
1.23 <b>Cash at end of quarter</b>	<b>3,638</b>	<b>3,638</b>

+ See chapter 19 for defined terms.

## **Commentary**

SomnoMed Limited announced today its results for the third quarter to March 2011. Unit sales reached a new record with 6,346 units, 30% higher than in the same quarter in the previous year, when sales reached 4,872 units. Third quarter sales edged ahead of Q2 sales, due to higher US sales in the month of March after the snow storm affected February low. European sales set new records with over 1,700 units for the quarter, 100% up on last year. Global unit sales for the nine months are just under 17,800 units.

Revenue numbers were affected by the strengthening Australian Dollar, resulting in March quarter dollar sales growing by 15% over the same period last year. Total revenue growth for the full 9 months is 18% (29% with constant exchange rates).

Total revenues for SomnoMed in the third quarter were just over \$3 million, compared to \$2.6 million in the same period in the previous year. SomnoMed's CEO Mr Ralf Barschow commented, "The results achieved in this quarter reaffirm our ability to continue to grow the unit sales and revenues of the business, particularly in Europe and the US within the Sleep Disordered Breathing industry. New sales records achieved in the March quarter for both regions are very encouraging for the remainder of the financial year."

"SomnoMed controls direct operations in three global regions, with Japan and Asia still at the development stage but still offering significant long term potential. The US and parts of Europe are regions in "take off" mode," said Mr. Barschow.

The ongoing investment in manufacturing, operations and logistics has again allowed SomnoMed to increase the gross margin of the business. SomnoMed's group gross margin has improved from 58% in the March quarter of 2010 to 67% in the same period for 2011 - a further record gross margin for the company. All regions continued to be operationally profitable, generating results well ahead of the corresponding period in the prior year.

SomnoMed Limited had \$3.638 million in cash available at 31st March 2011.

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+ 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	55
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	<p>Explanation necessary for an understanding of the transactions</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**

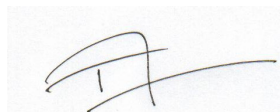
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	2,175	2,106
4.2 Deposits at call	1,463	1,643
4.3 Bank overdraft	-	-
4.4 Other (provide details) Bank Bills	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>3,638</b>	<b>3,749</b>

**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: 29th April 2011

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.