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Strong Global Sales Growth continues for SomnoMed in Second Quarter

30 January 2012, Sydney: SomnoMed Limited (ASX:SOM) announced today sales for the second quarter to December 2011 continued to grow, with volume increasing by 24% over the same period in the previous year to a total of 7,711 SomnoDent[®] MAS units (6,196). Sales in the second quarter were 15% higher than in the previous quarter. Total revenue grew by 14% in the second quarter over the first quarter.

Volume and revenue growth continued to be driven by SomnoMed's European subsidiaries. In comparison to the same period last year, volume growth in Europe was over 44% for the December quarter and SomnoDent[®] MAS revenues grew by over 30%, reflecting the weakening of the Euro. Equally so, during the second quarter of FY 2011/12 the US achieved new record unit sales. The month of December 2011 itself achieved new sales records for both the US and European subsidiaries.

Total revenues for SomnoMed's second quarter were just over \$3.6 million (unaudited), compared to \$3.1 million in the same period last year.

SomnoMed's CEO Mr Ralf Barschow commented, "We are quite happy with the sales achieved in the second quarter of FY 2011/12, particularly with the record volume achieved in Europe and the US in the month of December. The acquisition of our distribution partners in the Netherlands, Goedegebuure Slaaptechniek BV., at the beginning of the new year will further strengthen our commitment and presence in the European region."

During the second quarter further investment was made in SomnoMed's Philippine manufacturing operation, which affords SomnoMed not only complete quality and technical control but also control of manufacturing cost, resulting in improved gross margins. The SomnoDent[®] MAS gross margin has improved further from 67% in the first quarter to 69% in the second.

SomnoMed is expecting to show a positive EBITDA for the half year, despite the continuing investment and expenditure the company has made into new subsidiaries in both France and Germany and expenses relating to the acquisition of Goedegebuure Slaaptechniek B.V., as well as ongoing business developments within the medical arena and internal quality/regulatory systems. After this expenditure and ongoing investment in the development of the new SomnoDent[®] G2 device, SomnoMed Limited had cash of \$3.26 million available at 31 December 2011.

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