

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 December 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	3,345	6,397
1.2 Payments for		
(a) staff costs	(1,458)	(2,690)
(b) advertising and marketing	(489)	(939)
(c) research and development	(45)	(75)
(d) leased assets	-	-
(e) other working capital	(1,207)	(2,906)
(f) business development	(558)	(698)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	43	71
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other income- net grants/R&D concessions	-	118
Net operating cash flows	(369)	(722)

+ 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)	(369)	(722)
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	(55)	(135)
(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)	-	-
	(55)	(135)
Net investing cash flows		
1.14 Total operating and investing cash flows	(424)	(857)
Cash flows related to financing activities		
1.15 Net Proceeds/Costs from issues of shares, options, etc.	-	144
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)	-	-
	-	144
Net financing cash flows		
Net increase (decrease) in cash held	(424)	(713)
1.21 Cash at beginning of quarter/year to date	3,751	3,949
1.22 Exchange rate adjustments to item 1.20	(66)	25
1.23 Cash at end of quarter	3,261	3,261

+ See chapter 19 for defined terms.

Strong Global Sales Growth continues for SomnoMed in Second Quarter

SomnoMed Limited 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, Goodegebuure 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.

+ 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	66
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
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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

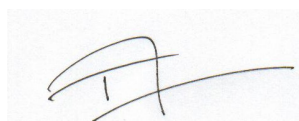
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	1,537	1,835
4.2 Deposits at call	1,724	1,916
4.3 Bank overdraft	-	-
4.4 Other (provide details) Bank Bills	-	-
Total: cash at end of quarter (item 1.22)	3,261	3,751

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: 30th January 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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