



## **SOMNOMED ANNOUNCES EXPANSION PLANS TO DEVELOP US MEDICAL MARKET OPERATION AND CHANGES IN TOP MANAGEMENT**

**14<sup>th</sup> May 2012, Sydney:** After changes to the board of SomnoMed Limited six months ago, which saw the strengthening of the company's medical device and marketing expertise through the appointment of senior executives Lee Ausburn (ex Merck Sharp & Dohme) and Robert Scherini (ex Johnson & Johnson Medical), the company announced today plans to significantly expand the medical side of its sleep apnea business in the US and Canada.

Chairman Dr. Peter Neustadt of SomnoMed said, "After building, over the last five years, a unique base of medically tried and approved SomnoDent<sup>®</sup> products, a manufacturing, marketing and distribution network in over 20 countries and educating over three thousand dentists in dental sleep medicine and the SomnoDent therapy, it is now time to move deeper and more prominently into the medical arena in order to accelerate our growth to an even higher path and further the development of our business over the next three years."

The board and management of SomnoMed have developed a strategic action program which will see, over the course of next financial year and in the following two years, a significant build-up of SomnoMed's medical department in the US, the company's most important market.

The program will involve the appointment of a US Medical Advisory Board and of a SomnoMed Chief Medical Officer. It will see the recruitment of additional, medically experienced, marketing and sales staff, as well as key account managers working closely with health insurers responding to their growing desire to use oral appliance therapy as the only clinically proven alternative treatment to CPAP which is being rejected by a significant percentage of sleep apnea patients. This might also involve setting up a company base on the East coast of the US in addition to SomnoMed's Dallas operation.

"Given the good growth in our current business, the margins we are generating, the cash we have available to us and the step by step approach in building the medical side of our business it is expected that the program will be fully funded from our own resources."

An important step in strengthening the management to move SomnoMed into the mainstream of the US medical market will be the appointment of a new President of the US operation. Ralf Barschow, the current President of SomnoMed Inc. and global CEO of SomnoMed Ltd. has, in accordance with his contract, given notice of his resignation from all his positions at SomnoMed and will step down at the appropriate time in the next few months.

"Mr. Barschow has managed our company for the last five years and has done a remarkable job in building a solid base for our company. This has seen the company moving from modest beginnings to a global operation with a high level of credibility and support in the dental community. In March last year Ralf moved to Dallas to function in the dual capacity of global CEO and as President of our North American operation. We are very grateful for the excellent work Ralf has done. Without this we would not be able to now take our SomnoDent products deeper into the mainstream medical device market. Ralf will remain in his position and facilitate the transition as required over the next few months," said Dr Neustadt.

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