Rule 4.7B

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 Quarter ended ("current quarter") 30th June 2012 35 003 255 221

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	4,040	14,240
1.2	Payments for (a) staff costs (b) advertising and marketing (c) research and development (d) leased assets (e) other working capital (f) business development	(1,684) (641) (59) - (1,114) (76)	(5,706) (2,194) (157) - (5,395) (927)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	30	125
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other income- net grants/R&D concessions	32	200
Net operating cash flows		528	186

⁺ See chapter 19 for defined terms.

		Current quarter \$A'000	Year to date \$A'000
1.8	Net operating cash flows (carried forward)	528	186
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	(30)	(437)
	(b) equity investment associate	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	(40)	(225)
	(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)	-	-
		(70)	(662)
	Net investing cash flows		
1.14	Total operating and investing cash flows	458	(476)
	Cash flows related to financing activities		
1.15	Net Proceeds/Costs from issues of shares,	_	129
1.15	options, etc.		127
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)	-	-
		-	129
	Net financing cash flows		
	Net increase (decrease) in cash held	458	(347)
1.01	Cash at beginning of quarter/year to date	3,091	3,949
1.21			
1.21 1.22	Exchange rate adjustments to item 1.20	(11)	(53)

SomnoMed continues to break records in 4th Quarter

SomnoMed Limited (ASX: SOM) has once again announced record unit sales for the fourth quarter to June 2012. Continued growth in volumes in the June quarter by 16% over the same period last year was reflected in the 8,518 units sold. This compares to the 7,323 units sold in Qtr4 of 2011 and represents the highest number of SomnoDent[®] devices sold so far by SomnoMed in any quarter.

This result has been driven by record sales in all regions. The APAC and European regions both grew 28% over the same period last year, with Japan posting a 73% increase albeit from a small base. All three of those regions - APAC, Europe and North America posted record months in Qtr4 as well as record quarter sales. Total revenues for SomnoMed in the fourth quarter were just over \$4.5 million compared to \$3.3 million in the same period in the previous year – up 37%.

SomnoMed's Executive Chairman Dr Peter Neustadt commented, "The results achieved in this quarter reaffirms or ability to continue to grow the unit sales and revenues of the business in all regions. We are very pleased with the developments in Europe and results achieved in APAC in 2011/12. US sales were behind our expectations despite setting a new monthly record during Qtr4. Organisational changes and measures taken are designed to accelerate growth in the North American region in 2012/13. The introduction of our new flagship SomnoDent[®] G2 product was approved by the FDA in June this year. This innovative new product is long overdue and will be a significant contributor towards our targets set for the current year and beyond. First shipments of the MATRx oral appliance diagnostic device have commenced and will also contribute to strengthen the acceptance of oral appliance therapy."

The continued investment in our manufacturing operations allows SomnoMed to leverage the gross margins within the business. SomnoMed's overall group gross margin has improved from 68% in the June quarter of 2011 to 70% in the same period for 2012 - a further record gross margin growth for the company.

The unaudited operating profit before corporate, research and business development expenses was up 26% for the fourth quarter compared to the same period in the previous year and grew for the full twelve months to June 2012 despite expensing the investment in business development within both Europe and the US, the establishment of the Quality and Regulatory Divisions in all three major regions and the costs related to the acquisition of the Dutch company Goedegebuure Slaaptechniek in January 2012.

Despite the above-mentioned investments SomnoMed had a cash balance of \$3.538 million as at 30th June 2012, compared to \$3.949 million as at 30th June 2011. Net cash generated in the last quarter of the 2011/12 year was \$447,000.

⁺ 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

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

shown	nciliation of cash at the end of the quarter (as n in the consolidated statement of cash flows) to lated items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	2,108	2,034
4.2	Deposits at call	1,430	1,057
4.3	Bank overdraft	-	-
4.4	Other (provide details) Bank Bills	-	-
	Total: cash at end of quarter (item 1.22)	3,538	3,091

Acquisitions and disposals of business entities

		Acquisitions (<i>Item 1.9</i> (<i>a</i>))	Disposals (Item 1.10(a))
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: 26th July 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.

⁺ See chapter 19 for defined terms.