

**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")

**31<sup>st</sup> Dec 2012**

**Consolidated statement of cash flows**

<b>Cash flows related to operating activities</b>	<b>Current quarter \$A'000</b>	<b>Year to date \$A'000</b>
1.1 Receipts from customers	4,886	8,904
1.2 Payments for		
(a) staff costs	(1,764)	(3,453)
(b) advertising and marketing	(406)	(754)
(c) research and development	(23)	(40)
(d) leased assets	-	-
(e) other working capital	(2,469)	(4,278)
(f) business development	(233)	(302)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	22	51
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other income- net grants/R&D concessions	-	-
<b>Net operating cash flows</b>	<b>13</b>	<b>128</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>13</b>	<b>128</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	(525)	(525)
(b) equity investment associate	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(75)	(87)
(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>(600)</b>	<b>(612)</b>
<b>Net investing cash flows</b>		
<b>1.14 Total operating and investing cash flows</b>	<b>(587)</b>	<b>(484)</b>
<b>Cash flows related to financing activities</b>		
1.15 Net Proceeds/Costs from issues of shares, options, etc.	377	528
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>377</b>	<b>528</b>
<b>Net financing cash flows</b>		
<b>Net increase (decrease) in cash held</b>	<b>(210)</b>	<b>44</b>
1.21 Cash at beginning of quarter/year to date	<b>3,785</b>	<b>3,538</b>
1.22 Exchange rate adjustments to item 1.20	(40)	(47)
1.23 <b>Cash at end of quarter</b>	<b>3,535</b>	<b>3,535</b>

+ See chapter 19 for defined terms.

## **SomnoMed delivers a record Second Quarter**

SomnoMed Limited announced today its results for the second quarter to December 2012. SomnoDent® revenues for the quarter grew by 34% over the same quarter last year, despite the exchange rate effects of both the US Dollar and Euro during this period. Total revenues for SomnoMed's second quarter were \$4.85 million (unaudited) compared to \$3.6 million in the same period last year.

Volume and revenue growth continued to be driven by strong results posted by SomnoMed's European subsidiaries. In comparison to the same period last year volume growth in Europe was over 26% for the December quarter and MAS revenues grew by over 24%. Europe posted its highest ever sales in the month of December 2012. The US finished the second quarter with the highest SomnoDent® sales ever achieved in any quarter. Sales to licensees reached a record number, whereas direct sales growth was impacted by organisational changes taking effect during the quarter. The APAC region did similarly well, with 15% growth in unit sales for the second quarter over the same period last year. Total MAS volume for the quarter increased by 16% over the same period last year, reaching a record 8,950 units and bringing the half year sales to 17,180 units, up 19% above last year.

SomnoMed's Executive Chairman Dr. Peter Neustadt commented, "We are very pleased with the results achieved in the second quarter of FY 2012/13, especially with the strong growth generated in Europe. The recent acquisitions in France and Sweden, together with a range of activities underway in all our European operations, give us confidence for continuing growth in the future. The takeover of Orthosom in France became effective in December and first SomnoDent® cases were made for French practitioners in January this year. The broad introduction of our SomnoDent® products into the French market is now underway and will gain momentum during 2013."

"During the quarter significant organisational changes commenced to be implemented in our US operation, which will result in an integration of the dental sales force into a combined medical-dental sales and marketing organisation. Staff changes, training activities, development and introduction of marketing programs have slowed our direct sales in the US but are expected to impact positively during the second half and beyond. December sales reached an all-time record in our North American business," said Dr. Neustadt.

During the quarter the new G2 product was successfully launched to leading practitioners in all regions. G2 acceptance is pleasing and marketing to the broad market has commenced at the beginning of this year.

All regions have grown and strengthened their profitability, with continued efficiencies seen from our manufacturing operation.

The SomnoMed group is expecting to show a much improved EBITDA for the half year, despite the continuing investment and expenses associated with the company's recent acquisitions in Europe, its manufacturing operation, regulatory departments and their activities relating to the approval of G2 and other product improvements, as well as the costs relating to the reorganization and expansion of our US operation.

SomnoMed Limited finished the second quarter with a cash balance of \$3.535 million available at 31 December 2012, basically unchanged from the position on the 1 July 2012, demonstrating its consistent ability to generate cash for the expansion of the business.

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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	68
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
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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
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**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

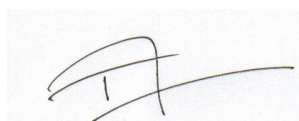
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	2,595	2,795
4.2 Deposits at call	940	990
4.3 Bank overdraft	-	-
4.4 Other (provide details) Bank Bills	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,535</b>	<b>3,785</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	Orthosom	N/A
5.2 Place of incorporation or registration	France	
5.3 Consideration for acquisition or disposal	\$579,000	
5.4 Total net assets	\$98,000	
5.5 Nature of business	Distributor and manufacturer	

### 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 2013

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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