

**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")

**30<sup>th</sup> September 2013**

**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	4,920	4,920
1.2 Payments for		
(a) staff costs	(2,316)	(2,316)
(b) advertising and marketing	(413)	(413)
(c) research and development	(13)	(13)
(d) leased assets	-	-
(e) other working capital	(3,196)	(3,196)
(f) business development	(50)	(50)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(2)	(2)
1.7 Other income- net grants/R&D concessions	-	-
<b>Net operating cash flows</b>	<b>(1,066)</b>	<b>(1,066)</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>(1,066)</b>	<b>(1,066)</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	(150)	(150)
(b) equity investment associate	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(53)	(53)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) net cash from a previous associate company now a controlled entity	353	353
(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>150</b>	<b>150</b>
<b>Net investing cash flows</b>		
<b>1.14 Total operating and investing cash flows</b>	<b>(916)</b>	<b>(916)</b>
<b>Cash flows related to financing activities</b>		
1.15 Net Proceeds/Costs from issues of shares, options, etc.	-	-
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>Net financing cash flows</b>		
<b>Net increase (decrease) in cash held</b>	<b>(916)</b>	<b>(916)</b>
1.21 Cash at beginning of quarter/year to date	<b>4,221</b>	<b>4,221</b>
1.22 Exchange rate adjustments to item 1.21	(12)	(12)
1.23 <b>Cash at end of quarter</b>	<b>3,293</b>	<b>3,293</b>

+ See chapter 19 for defined terms.

## **First Quarter Results Confirm SomnoMed's Growth Path**

Record sales in September of over 3,600 units, representing a year on year growth of 25%, compensated for the weaker Northern hemisphere months of July and August, bringing quarter unit sales to 9,309 units (+13.1%). All regions showed strong sales in September – whilst APAC grew by 18%, North America registered 19% growth and Europe recorded a volume increase of 40%.

Revenues generated in the quarter came to \$5.66 million, 36% higher than in the same period in the previous year. September revenues were up by 50% year on year.

The MAS Gross Margin for the quarter was with 67% in line with expectations reflecting the higher fixed cost basis of the acquired labs in France, Germany and Sweden during the low volume vacation period in July and August. September gross margin was 69.3%.

Dr. Peter Neustadt, SomnoMed's Executive Chairman, commented, "We are very pleased with the results achieved in the Northern summer holiday quarter. This was helped by an outstanding performance in Europe in September, the first post summer month. Good initial acceptance for our new SomnoDent Herbst device from the Medicare market in the US assisted the North American region to record good growth in September. We believe the trend recorded should be confirmed through the launch of our proprietary SomnoDent Herbst *Advance* device and the launch of the DentiTrac compliance recording system in the USA during the second quarter."

All European regions recorded excellent growth; revenues, margins and profit contribution were up significantly and compensated for losses generated in our French subsidiary where growth is strong but the cost base inherited is a drawback given the relatively small revenues generated."

Cash use in Q1 was higher than usual due to seasonal first quarter payments and higher receivables connected to the strong growth in revenues. By the end of the quarter SomnoMed had a cash balance of \$3.3 million.

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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	90
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	-	-

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### 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	2,796	3,727
4.2 Deposits at call	497	494
4.3 Bank overdraft	-	-
4.4 Other (provide details) Bank Bills	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>3,293</b>	<b>4,221</b>

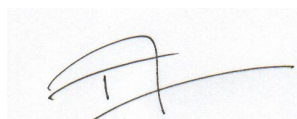
### Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity	Orthosleep19 GmbH	N/A
5.2 Place of incorporation or registration	Germany	
5.3 Consideration for acquisition or disposal	Approximately \$560,000 payable as a combination of cash and shares over 3 years	
5.4 Total net assets	\$50,000	
5.5 Nature of business	Dental laboratory and distributor	

SMH Biomaterial AG, which was previously an associate entity of SomnoMed Limited, will be treated as a controlled entity from July 2013, as a result of the acquisition of Orthosleep19 GmbH. This company had cash reserves of \$353,000 at the date it became a controlled entity.

### 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: 25th October 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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