



SomnoMed unit sales up 56% – strongest growth in US

Highlights:

- **Global unit sales of SomnoMed MAS, up 56% to 2,916**
- **Strong growth in US market (up over 90%)**
- **EU contributes first sales, with Asia launching**
- **Strong cash position of \$6.5 million to fund expanding global distribution**

25 February 2008, Sydney: Leading maker and marketer of dental sleep devices, SomnoMed Limited (ASX: SOM), today announced that it sold 2,916 SomnoMed MAS devices in the first half of FY 07/08. This is an increase of 55.9 percent compared to the same period in 06/07.

Sales were driven by strong growth in the US (+ 91.5 percent). For the first time, over 270 units were manufactured under a license agreement in Europe. As a result, total revenues grew by 39.0 percent to \$1.5 million in the half year to 31 December 2007.

"The strong growth figures are a good reflection of our effort to gain a share of this lucrative American market. Our partners in Europe are also seeing a good initial acceptance to our SomnoMed MAS with strong first sales. In Asia, the stage is now set for the product to be launched. Indications are that the growth momentum is building and will generate significant volume growth in the second half", said Ralf Barschow, chief executive officer of SomnoMed.

The operating margin of 48.6 percent during the first half year of FY 07/08, improved from the 44.1 percent achieved in the previous corresponding period. At the same time, costs associated with sales, marketing and administration were reduced by 17.5 percent. This improved the operating loss (before corporate overheads and business development costs) to less than \$0.5 million for the six months to 31 December 2007.

The expected increase in volume in the second half is likely to lead to an operating break-even in the USA for the second half of FY 07/08. This improvement may likely be offset by start-up costs and ramp ups of operations in Europe and Asia.

As a result of the improved operating performance SomnoMed was able to absorb an increase of \$0.248 million in corporate overheads and business development expenses in Asia and in Europe and still record a reduction of over 16.5% in its EDITDA loss of \$1.278 million for half year to December 2007.

The net cash burn from operating activities, which includes all corporate overheads and business development expenses, improved by 27.7 percent and dropped to a total of \$1.16 million for the six months to the end of December 2007.

SomnoMed received a \$4.6 million from its share placement in November 2007 and had a total of \$6.5 million in cash available at the end of December 2007. The Company has a strong balance sheet with no interest bearing liabilities.

Chairman of SomnoMed, Dr Peter Neustadt, said "SomnoMed MAS is arguably the best, most patient friendly dental device to treat obstructive sleep apnoea and snoring in the world. The company now has a clear strategy and plan, an excellent management team and the funds required to build a global distribution network and to market the SomnoMed MAS around the world."

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How the SomnoMed MAS™ works

The medical term for your lower jaw is 'mandible' and an oral appliance worn over the teeth is a 'splint', hence the name SomnoMed Mandibular Advancement Splint, or SomnoMed MAS™.

The SomnoMed MAS™ consists of two acrylic plates fitted over the upper and lower teeth. A patented fin coupling mechanism on the lower arch accurately positions the lower jaw (mandible) a little forward of its natural position.

This positioning tightens the soft tissue at the back of the throat to stop it from collapsing – the cause of snoring (partial collapse) and sleep apnoea (full collapse). SomnoMed MAS™ allows the normal opening and closing of the mouth, allowing the user to yawn, speak and drink. The device will last 5 years and comes with a warranty.

The SomnoMed MAS™ is provided to patients through an integrated clinical protocol, involving dentists, primary care practitioners and sleep physicians. This pathway ensures that all patients are appropriately diagnosed and that only suitable patients are fitted with the device.

