

# 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")

**30th September 2009**

### Consolidated statement of cash flows

	Current quarter \$A	Year to date \$A
<b>Cash flows related to operating activities</b>		
1.1 Receipts from customers	2,404,713	2,404,713
1.2 Payments for		
(a) staff costs	(809,063)	(809,063)
(b) advertising and marketing	(213,843)	(213,843)
(c) research and development	(20,316)	(20,316)
(d) leased assets	-	-
(e) other working capital	(1,460,908)	(1,460,908)
(f) business development	(85,300)	(85,300)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	26,536	26,536
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>(155,181)</b>	<b>(155,181)</b>

+ See chapter 19 for defined terms.

	Current quarter \$A	Year to date \$A
1.8 Net operating cash flows (carried forward)	<b>(155,181)</b>	<b>(155,181)</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investment associate	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(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>Net investing cash flows</b>		
<b>1.14 Total operating and investing cash flows</b>	<b>(155,181)</b>	<b>(155,181)</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>(155,181)</b>	<b>(155,181)</b>
1.21 Cash at beginning of quarter/year to date	<b>4,008,934</b>	<b>4,008,934</b>
1.22 Exchange rate adjustments to item 1.20	<b>(47,386)</b>	<b>(47,386)</b>
1.23 <b>Cash at end of quarter</b>	<b>3,806,367</b>	<b>3,806,367</b>

+ See chapter 19 for defined terms.

Commentary

## **SOMNOMED NOW PROFITABLE**

SomnoMed Limited announced today its first ever profitable quarter in the history of the company. In the September quarter SomnoMed Limited booked an unaudited profit before interest, tax and depreciation (EBITDA) of \$41,000. This compares to a loss of \$476,000 generated in the same quarter in the previous year.

The result was driven by continuing strong volume growth and was achieved despite a falling US Dollar exchange rate, which impacted on the 70% of the group's revenues that were generated in North America. Volume for the September quarter exceeded 4,000 units for the first time and was 57% higher than in the same quarter in the previous year. Revenues including licensing and seminars grew by 70% year on year to \$2.36 million for the quarter.

Ralf Barschow, CEO of SomnoMed said: "It is obviously a milestone event for our company and is very pleasing for all people involved in SomnoMed that we have, for the first time since listing five years ago, joined the ranks of profitable companies in the health care sector listed on the ASX."

"We have indicated our expectation to achieve a positive result for the full financial year 2009/10 in our recent shareholders presentation. To achieve that objective we set a target of 18,000 units to be sold during the year. We are very pleased that the sale of 4,082 units achieved in the first quarter of fiscal 09/10 is above the forecasted trend line," Mr Barschow said.

It is noteworthy that of the \$975,000 in increased revenues generated in the quarter compared to the previous year, 48% or \$468,000 was flowing through as profits before corporate & business development expenses. Gross margin generated from the sale of SomnoDent® products increased from 53% in the September quarter last year to over 61% in the same quarter this year.

"Regional growth was highest in Europe with a volume increase of 86%, followed by North America with 81%. The engine room of our business is still in North America where we are selling 70% of our product but we are pleased with the way how Sweden is coming along. We are also looking forward to see further future growth in APAC, with initiatives undertaken in Australia and the start of our operation in Japan," said Mr. Barschow.

Cash usage in the September quarter was \$202,567 mostly relating to year end payments, advance payments for trademark license fees in Europe and exchange rate fluctuations affecting the value of our working capital held by our US subsidiary. Cash balance at the end of September 2009 was \$3,806,367.

---

+ 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
1.24	Aggregate amount of payments to the parties included in item 1.2	53,147
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	Amount used \$A
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

**Reconciliation of cash**

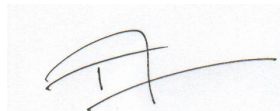
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	1,358,143	767,867
4.2 Deposits at call	2,448,224	3,241,067
4.3 Bank overdraft	-	-
4.4 Other (provide details) Bank Bills	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,806,367</b>	<b>4,008,934</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	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 October 2009

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.