

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")

31st March 2010

Consolidated statement of cash flows

	Current quarter \$A	Year to date \$A
Cash flows related to operating activities		
1.1 Receipts from customers	2,402,025	7,321,939
1.2 Payments for		
(a) staff costs	(862,682)	(2,443,911)
(b) advertising and marketing	(314,444)	(767,023)
(c) research and development	(6,090)	(49,847)
(d) leased assets	-	-
(e) other working capital	(1,177,462)	(4,072,734)
(f) business development	(209,850)	(454,141)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	21,202	68,739
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other income- net grants/R&D concessions	-	-
Net operating cash flows	(147,301)	(396,978)

+ See chapter 19 for defined terms.

	Current quarter \$A	Year to date \$A
1.8 Net operating cash flows (carried forward)	(147,301)	(396,978)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investment associate	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(28,173)	(429,483)
(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)	-	-
	(28,173)	(429,483)
Net investing cash flows		
1.14 Total operating and investing cash flows	(175,474)	(826,461)
Cash flows related to financing activities		
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)	-	-
Net financing cash flows	-	-
Net increase (decrease) in cash held	(175,474)	(826,461)
1.21 Cash at beginning of quarter/year to date	3,297,695	4,008,934
1.22 Exchange rate adjustments to item 1.20	(12,377)	(72,629)
1.23 Cash at end of quarter	3,109,844	3,109,844

+ See chapter 19 for defined terms.

Commentary

SomnoMed continues growth with another profitable quarter

SomnoMed Limited announced today that the company has posted another profitable quarter ending 31 March 2010. In the March quarter SomnoMed Limited booked an unaudited profit before interest, tax and depreciation (EBITDA) of \$25,000 (YTD total \$330,000). This positive result compares to an EBITDA loss of \$230,000 generated in the same quarter in the previous year. The quarter also marked the third consecutive quarter with positive EBITDA results for the group.

This quarterly result was driven by continuing strong unit growth in all regions with 4,872 units sold globally. This is 56% higher than the same quarter of last year. Revenues grew by approximately 14% compared with the same quarter in the previous year, caused by a strengthening of the Australian Dollar against the US Dollar (70% of total group revenues are generated in North America) and the Euro.

Ralf Barschow, CEO of SomnoMed said, "We are pleased to report a profitable third quarter. Volume was kept almost at the same level as in the second quarter, despite the March quarter being seasonally effected by the Northern winter holidays. We can still see the impact of the GFC on the demand from private patients, especially in the US."

Gross margins are at 58% for the quarter under review and significantly up on the gross margin posted same quarter last year of 53%. Continuous investments and improvements are being made by the company in the manufacturing base and logistical efficiencies within all distribution channels.

Operating profit before corporate overheads was up 113% on the same quarter of the previous year, indicating strong operational results, with all the regions contributing ahead of plan.

Ralf Barschow, CEO of SomnoMed said, "Our growth remains strong and especially pleasing within the European markets, with both Holland and Sweden producing good results that will continue to gain market share for SomnoMed. We look forward to the next quarter and a solid finish to the financial year."

Cash used in the March quarter was \$188,000, which after investing in various manufacturing initiatives totalling \$170,000, indicates an operationally cash neutral quarter for the company. At the end of March 2010 SomnoMed had a cash balance of \$3.1 million available.

+ 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	48,147
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
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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

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

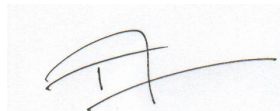
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A	Previous quarter \$A
4.1 Cash on hand and at bank	1,789,676	1,540,682
4.2 Deposits at call	1,320,168	1,757,013
4.3 Bank overdraft	-	-
4.4 Other (provide details) Bank Bills	-	-
Total: cash at end of quarter (item 1.22)	3,109,844	3,297,695

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: 29th April 2010

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.