

## **SomnoMed now profitable**

**26 October 2009, Sydney:** SomnoMed Limited (ASX: SOM).

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.

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### **How the SomnoDent® 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 SomnoDent® Mandibular Advancement Splint, or SomnoDent®MAS.

The SomnoDent®MAS consists of two acrylic plates fitted over the upper and low 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). SomnoDent® 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 SomnoDent® 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.