

SomnoMed
Limited A.C.N. 003 255 221

Annual
Report 04

... for a better night's sleep.

REPORT OF THE CHAIRMAN

Dear Shareholder,

I welcome many of you as new shareholders of SomnoMed Limited following our recent successful capital raising.

During the last financial year your Company has undergone a major transformation. We acquired the international patents and intellectual property for the SomnoMed MAS (mandibular advancement splint). This is an easy to use oral appliance that is effective in the treatment of snoring and obstructive sleep apnoea (OSA). It has a unique design and provides superior comfort for the user, compared to other products in the market place. In the last quarter of the financial year we successfully commenced production and sale of the SomnoMed MAS to patients through dentists.

The global market for the treatment of snoring and OSA is estimated at nearly 4 million people in Australia, 10 million in the UK and over 55 million people in the USA. We are well placed to assist in the treatment of these problems.

The results of the Company and the Statement of Financial Position shown in these accounts reflect the Company's financial position during the period of our transition from being a small investment company, to one focused on the treatment of snoring and OSA. The results and the Statement of Financial Position at 30 June 2004 is prior to our recent \$12 million capital raising. This capital raising occurred after the year end. Accordingly, we would draw your attention to the fact that the results and financial position of the Company, as disclosed in these accounts, are not indicative of the Company's financial position or future performance.

The capital raising is now behind us. We are now in the process of investing the funds raised in making, marketing and distributing the products. As this will be our first year of operations following the capital raising and is the period of establishing the business, the Company expects to make a loss in the 2005 financial year.

Yours faithfully,



Robert L Stovold
Chairman

DIRECTORS' REPORT

Your directors present their report on the company and its controlled entity for the financial year ended 30 June 2004.

Directors

The names of directors in office at any time during or since the end of the year are:

John F Diddams	(appointed 5 th May 2004)
Terence A Flitcroft	(retired 16 th July 2004)
Samuel M Gazal	(retired 22 th July 2004)
Charles J Gullotta	
Rischeh Kumarasinghe	(appointed 5 th May 2004)
Peter C Spencer	(appointed 5 th May 2004)
Robert L Stovold	
Geoffrey H Stumbles	(appointed 5 th May 2004)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activity of the economic entity during the financial year was the commercialisation of the SomnoMed MAS. During the year the economic entity ceased its activities as an investor after the purchase of Amelia Blue Pty Limited which owns all the intellectual property rights to the SomnoMed MAS. There were no other significant changes in the nature of the economic entity's principal activities during the financial year.

Operating Results

The consolidated loss of the economic entity amounted to \$556,997 (2003 profit - \$69).

Dividends Paid or Recommended

There is no dividend paid, declared or recommended.

Significant Changes in State of Affairs

The Company purchased 100% of Amelia Blue Pty Limited which owns the SomnoMed MAS intellectual property on 11th March 2004.

After Balance Date Events

The Company raised \$12 million in new capital pursuant to a Prospectus dated 22nd July 2004.

Future Developments

The Company will continue to produce and sell the SomnoMed MAS. The monies raised will be used to commercialise the SomnoMed MAS intellectual property.

Information on Directors

Robert L Stovold, Chairman (Non-executive), Member of the Audit Committee

Bob Stovold is a qualified accountant with over 35 years experience in corporate management and mergers and acquisitions.

For over 15 years he headed the mergers and acquisition division of two listed public companies, analysing, investing in and acquiring companies in a diverse range of industries.

Since 1980 he has been non-executive director of a number of listed and unlisted public companies and is currently a director of Blackmores Limited, York Group Limited, Port Douglas Reef Resorts Limited and Canberra Investment Corporation Limited.

John F Diddams, BCom, FCPA, MAICD Managing Director & Chief Executive Officer

John has had over 30 years of practical experience, as both CEO and CFO, of private and publicly listed companies, in both Australia and overseas.

John has had extensive practical experience with start-ups, including three years as CFO and CEO of a commission wool processing plant in Parkes, NSW where he was responsible for construction, commissioning and ongoing operations.

John holds a CPA Public Practice Certificate and immediately prior to accepting the role of CEO of SomnoMed, specialised in providing corporate and financial advice to a diverse range of corporate clients.

Dr Peter C Spencer, BSc, BE (Hons), PhD, MBA, MAICD Director (Non-executive), Member of the International Committee

Peter has had extensive experience in the development and commercialisation of medical products and devices. He has worked within a number of start-up companies followed by 12 years with Johnson & Johnson, one of the largest healthcare companies in the world. During this time, Peter spent two years in the USA as Director of the Corporate Office of Science & Technology, sourcing, evaluating and developing new business opportunities and products for Johnson & Johnson.

Peter is a founding Committee Member of the Medical Device Network, a program of Ausbiotech, which was established to facilitate the development of Australian export oriented medical products businesses.

Peter is currently consultant Chief Operating Officer to a medical R&D company, which is engaged in the development of a number of product concepts in the respiratory medicine field.

Rischeh Kumarasinghe, BSc, MSc, MBA, MAICD Director (Non-executive), Member of the International Committee

Rischeh has extensive experience in the sleep disordered breathing market (including Obstructive Sleep Apnoea), having been General Manager of ResMed's Asia Pacific Region from 1996 to 2002. Rischeh has first hand knowledge of the development of OSA treatment markets, having established CPAP (Continuous Positive Airway Pressure) in Japan, New Zealand, Singapore and Malaysia for ResMed during that period.

Management roles at Pacific Dunlop's Nucleus Ltd Division for seven years (1985 to 1992) provided excellent experience in the medical device market, with an involvement in all aspects of the business including manufacturing, building operations in nascent markets, marketing and distribution.

Rischeh is a management consultant, specialising in strategy and business development, with a primary focus in the medical devices sector.

Charles J Gullotta, BCom, LLB, CPA, ASIA Director (Non-executive), Chairman of the Audit Committee, Member of the International Committee

Charles has been a non-executive director of the Company since 1995.

Charles has 20 years of broadly based commercial experience across a number of industries, after commencing his career in investment banking at Hambros Australia Limited in 1984.

He has been an active investor and participant in a range of private and public companies.

Charles is a director of Winchester Associates Pty Limited, a licensed investment advisor he co-founded, and Consultel Holdings Pty Limited, a telecommunication advisory group.

Geoffrey H Stumbles, BA, FAICD

Director (Non-executive), Chairman of the International Committee, Member of the Audit Committee

Until 1990, Geoff was a director of Corporate Finance at the Elders Finance Group. He has over 30 years experience in merchant banking in Australia, UK and USA, with banks such as the First National Bank of Chicago. He has also acted as an advisor on venture capital matters to the international management consulting firm, The LEK Partnership.

Geoff is currently a non-executive director of Transamerica Insurance Marketing Asia Pacific Pty Limited and a partner of corporate advisory firm, Heath Fletcher.

Directors' Interests in Securities

Director	Shares	Options over Ordinary Shares
Robert L Stovold	498,000	300,000*
John F Diddams	600,000*	2,000,000*
Charles J Gullotta	2,074,210*	300,000*
Rischeh Kumarasinghe	0	300,000
Geoffrey H Stumbles	120,000	300,000*
Peter C Spencer	0	300,000

* Held by an entity associated with the Director and in which he has a financial interest

Directors' and Executive Officers' Emoluments

Disclosure relating to directors' and executive officers' emoluments has been included in Note 16 of the financial report.

Meetings of Directors

No committee meetings were held during the financial year as the Audit, Remuneration and International Committees were formed in July 2004.

Name	Number of Directors Meetings	Number of Meetings
	Eligible to Attend	Attended
John F Diddams	2	2
Terence A Flitcroft	6	6
Samuel M Gazal	6	6
Charles J Gullotta	6	6
Rischeh Kumarasinghe	2	2
Peter C Spencer	2	2
Robert L Stovold	6	5
Geoffrey H Stumbles	2	2

Indemnifying Directors or Officers

Each Director has entered into a Deed with the Company under which the Director is given access to documentation and in addition is:

- indemnified by the Company to the full extent permitted by law against all liabilities sustained or incurred through acting as a Director (under the Corporations Act the indemnity does not extend to a liability owed to the Company or its related bodies corporate, or which arises out of conduct involving a lack of good faith, or is for a pecuniary penalty order under section 1317G of the Corporations Act or a compensation order under section 1317H of the Corporations Act);
- indemnified by the Company to the full extent permitted by law against legal costs and expenses incurred in defending an action for a liability incurred as an officer of the Company (under the Corporations Act the indemnity does not extend to costs incurred in circumstances where the Director is found to have a liability for which the Director cannot be indemnified, or costs of defending or resisting criminal proceedings in which the Director is found guilty or defending proceedings brought by ASIC or a liquidator for a court order where the court holds that the grounds for making the order are established, or costs of proceedings seeking relief for the Director under the Corporations Act where the court denies relief);
- entitled to a loan to meet the costs of defending or responding to any such claim or proceeding; and
- entitled to have the Company maintain and pay premiums in respect of directors' and officers' insurance.

Options

At the date of this report, the unissued ordinary shares of SomnoMed Limited under option, including options that were granted over unissued shares during or since the end of the financial year by the company to directors or any of the five most highly remunerated officers as part of their remuneration are detailed below:

Optionholder	Options
Whitfield Investments Pty Limited	2,000,000
Ashley J Anderson	1,000,000
John W Truitt	1,000,000
Timbina Pty Limited (super a/c Charles Gullotta)	300,000
Blessings Pty Limited (super a/c)	300,000
Heath Oliver Superannuation Fund	300,000
Rischeh Kumarasinghe	300,000
Peter C Spencer	300,000
Peter A Cistulli	100,000
Jack A Gerschman	100,000
Iven J Klineberg	100,000
Colin Sullivan	100,000
Timbina Pty Limited (super a/c Terence Flitcroft)	100,000
TOTAL	6,000,000

- Whitfield Investments Pty Limited is a company associated with John F Diddams
- Blessings Pty Limited is a company associated with Robert L Stovold
- Timbina Pty Limited is a company associated with Terence A Flitcroft and Charles J Gullotta
- Heath Oliver Superannuation Fund is the superannuation fund of Geoffrey H Stumbles

At the date of this report there are 6,000,000 options on issue, each exercisable over 1 ordinary share on payment of 30 cents per share. These can be exercised between 27th August 2006 and 27th August 2008.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Corporate Governance

The Company listed on the Australian Stock Exchange on 27th August 2004 and will adopt appropriate corporate governance policies and practices as provided by the ASX Listing Rules and the principles of the ASX Corporate Governance Council (as applicable and appropriate for the Company).

Board Composition

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the directors' report.

The names of independent directors of the company are Robert L Stovold, Rischeh Kumarasinghe, Geoffrey H Stumbles and Peter C Spencer.

When determining whether a non-executive director is independent the director must not fail any of the following materiality thresholds:

- less than 10% of company shares are held by the director and any entity or individual directly or indirectly associated with the director;
- no sales are made to or purchases made from any entity or individual directly or indirectly associated with the director; and
- none of the directors income or the income of an individual or entity directly or indirectly associated with the director is derived from a contract with any member of the economic entity other than income derived as a director of the entity.

Directors have the right to seek independent professional advice in the furtherance of their duties as directors at the company's expense. Written approval must be obtained from the Chairman prior to incurring any expense on behalf of the company.

Trading Policy

The company's policy regarding directors and employees trading in its securities, has been set by the Board. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

Remuneration Committee

The remuneration committee consists of all the Board Members.

International Committee

The international committee was established on 1st July 2004.

Audit Committee

The audit committee was established on 1st July 2004

Remuneration Policies

The remuneration policy, which sets the terms and conditions for the chief executive officer and other senior executives, was developed by the remuneration committee after seeking independent advice and was approved by the board. The remuneration committee will review executive packages annually by reference to company performance, executive performance, comparable information from industry sectors and other listed companies and independent advice.

The amounts of remuneration for all directors and the four highest paid executives, including all monetary and non-monetary components, are detailed in the Note 16 to the financial report. All remuneration, other than option values, paid to executives is valued at the cost to the company. Options have been valued in accordance with AASB 1028.

The board expects that the remuneration structure implemented will result in the company being able to attract and retain the best executives to run the economic entity. It will also provide executives with the necessary incentives to work to grow long-term shareholder value. The policy complies with the four key principles of IFSA Guidance Note 02-16.

The payment of bonuses and other incentive payments will be reviewed by the remuneration committee annually as part of the review of executive remuneration and a recommendation will be put to the board for approval. All bonuses, options and incentives must be linked to predetermined performance criteria. The board can exercise its discretion in relation to approving incentives, bonuses and options and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria.

Proceedings on Behalf of Company

No person has applied for leave of any Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of Directors.



Robert L Stovold
Chairman

Dated 14th September 2004.

STATEMENTS OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2004

	Note	Economic Entity		Parent Entity	
		2004 \$	2003 \$	2004 \$	2003 \$
Revenue from sale of goods, net of discounts	2	28,147	-	28,147	-
Cost of Sales		(51,422)	-	(51,422)	-
Revenue from investment activities		17,657	121,785	17,657	121,785
Carrying value of investments disposed of		(11,350)	(174,692)	(11,350)	(174,692)
Release of provision for diminution in value of investments		350	46,065	350	46,065
Administrative expenses	3	(540,379)	6,911	(540,379)	6,911
Operating Profit/(Loss) before income tax		(556,997)	69	(556,997)	69
Income tax expense/(benefit) attributable to Operating Profit/(Loss)	4	-	-	-	-
Operating Profit/(Loss) attributable to members of the parent entity		(556,997)	69	(556,997)	69
Basic earnings per share (cents)		(2.3)	-	(2.3)	-

The accompanying notes form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2004

	Note	Economic Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
CURRENT ASSETS					
Cash	5	51,275	106,853	51,275	106,853
Receivables	6	26,959	81	27,079	81
Investments	7	-	11,000	-	11,000
TOTAL CURRENT ASSETS		78,234	117,934	78,354	117,934
NON-CURRENT ASSETS					
Investments	8	-	-	504,500	-
Property, plant and equipment	9	26,852	-	26,852	-
Intangible Assets	10	519,620	-	-	-
TOTAL NON-CURRENT ASSETS		546,472	-	531,352	-
TOTAL ASSETS		624,706	117,934	609,706	117,934
CURRENT LIABILITIES					
Payables	11	777,533	3,300	762,533	3,300
Provisions	12	7,250	-	7,250	-
TOTAL CURRENT LIABILITIES		784,783	3,300	769,783	3,300
TOTAL LIABILITIES		784,783	3,300	769,783	3,300
(DEFICIENCY OF) NET ASSETS		(160,077)	114,634	(160,077)	114,634
SHAREHOLDERS' EQUITY/DEFICIENCY					
Contributed equity	13	4,282,291	4,000,005	4,282,291	4,000,005
Reserves	14	-	15,000	-	15,000
Accumulated losses	15	(4,442,368)	(3,900,371)	(4,442,368)	(3,900,371)
TOTAL EQUITY/ DEFICIENCY		(160,077)	114,634	(160,077)	114,634

The accompanying notes form part of these financial statements.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2004

	Note	Economic Entity		Parent Entity	
		2004 \$	2003 \$	2004 \$	2003 \$
Cashflows from operating activities					
Receipts from customers		19,048	-	19,048	-
Payments to suppliers and employees		(293,840)	(34,370)	(293,840)	(34,370)
Interest received		5,537	3,349	5,537	3,349
Dividends received		625	2,105	625	2,105
Net cash inflow/(outflow) from operating activities	21	(268,630)	(28,916)	(268,630)	(28,916)
Cashflows from investing/financing activities					
Proceeds from issue of shares (net of issue costs)		229,450	-	229,450	-
Proceeds from sale of investments		11,495	116,331	11,495	116,331
Payments for investments		-	(25,432)	-	(25,432)
Payments for intellectual property		(120)	-	(120)	-
Payments for property, plant and equipment		(27,773)	-	(27,773)	-
Net cash inflow/(outflow) from investing/financing activities		213,052	90,899	213,052	90,899
Net increase/(decrease) in cash held		(55,578)	61,983	(55,578)	61,983
Cash at the beginning of the financial year		106,853	44,870	106,853	44,870
Cash at the end of the financial year	20	51,275	106,853	51,275	106,853

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the economic entity of SomnoMed Limited and its controlled entity, and SomnoMed Limited as an individual parent entity. SomnoMed Limited is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The accompanying financial statements have been prepared in accordance with Accounting Standards, other mandatory professional reporting requirements and the Corporations Act 2001. The accounts have also been prepared on the basis of historical cost and going concern and do not take into account changing money values, or except where stated, current valuations of non-current assets. Unless otherwise stated, the accounting policies adopted are consistent with those adopted in the previous financial year.

a. **Principles of Consolidation**

A controlled entity is any entity controlled by SomnoMed Limited. Control exists where SomnoMed Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with SomnoMed Limited to achieve the objectives of SomnoMed Limited. A list of controlled entities is contained in Note 19 to the financial statements.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

b. **Income Tax**

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences. Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

c. **Property, Plant and Equipment**

Plant and equipment

Plant and equipment are recorded at cost.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20-33%

d. **Leases**

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

e. **Recoverable amounts of non-current assets**

The carrying amounts of non-current assets will be reviewed at least annually to determine whether their carrying amounts require write down to recoverable amount.

f. **Research and Development Expenditure**

Research and Development costs are charged to profit/loss from ordinary activities before income tax as incurred.

g. **Intangibles**

Patents and intellectual property are valued in the accounts at cost of acquisition and are amortised over the period in which their benefits are expected to be realised.

h. **Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

i. **Cash**

For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts and investments in money market instruments with less than 14 days to maturity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

j. **Revenue**

Revenue from the sale of goods is recognised upon the dispatch of goods to the customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).

k. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

l. **Comparative Figures**

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

m. **Adoption of Australian Equivalents to International Financial Reporting Standards**

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of the next financial year.

The economic entity's management, along with its auditors, are assessing the significance of these changes and preparing for their implementation. An IFRS committee has been established to oversee and manage the economic entity's transition to IFRS. We will seek to keep stakeholders informed as to the impact of these new standards as they are finalised.

The directors are of the opinion that the key differences in the economic entity's accounting policies which will arise from the adoption of IFRS are:

- **Income Tax**

Currently, the economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under the Australian equivalent to IAS 12, the economic entity will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

- **Share-based Payment**

Currently, the economic entity does not recognise an expense in relation to options issued to directors and employees. Under AASB 2 Share-based Payment, the economic entity will be required to recognise an expense in respect of the services received for equity instruments issued.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	Note	Economic Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
2. REVENUE					
Revenue from investment activities					
Proceeds on sale of investments		11,495	116,331	11,495	116,331
Interest received - other persons		5,537	3,349	5,537	3,349
Dividends		625	2,105	625	2,105
		17,657	121,785	17,657	121,785
Revenue from sale of goods, net of discounts		28,147	-	28,147	-
3. ADMINISTRATIVE EXPENSES					
Administrative expenses include the following:					
Employee benefits		159,565	-	159,565	-
Consultants fees		255,115	-	255,115	-
Depreciation		921	-	921	-
Other		70,561	1,889	70,561	1,889
Directors' fees and superannuation (note 16)		45,417	(12,000)	45,417	(12,000)
Auditors' remuneration (note 17)		8,800	3,200	8,800	3,200
		540,379	(6,911)	540,379	(6,911)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	Economic Entity		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
4. INCOME TAX EXPENSE				
a. Income Tax Expense				
The amount provided in respect of income tax differs from the amount of prima facie tax payable on the operating result and is reconciled as follows:				
Prima facie income tax expense calculated at 30% of operating profit/(loss)	(167,099)	20	(167,099)	20
Increase/(Decrease) in income tax expense due to non-deductible/(assessable) items	-	4,684	-	
Future income tax benefit due to tax losses and timing differences not recognised/(tax losses utilised)	162,415	(20)	162,415	(20)
Income tax expense	-	-	-	-

b. Future Income Tax Benefit not taken into account

The future income tax benefit based on an income tax rate of 30% arising from tax losses and timing differences has not been recognised as an asset because recovery is not virtually certain

Tax losses carried forward	138,815	511,318	138,815	511,318
Timing differences	24,508	908	24,508	908
	<u>163,323</u>	<u>512,226</u>	<u>163,323</u>	<u>512,226</u>

The future income tax benefit, which has not been recognised as an asset will only be obtained if:

- i. the Company derives future assessable income of a nature and an amount sufficient to enable the benefit to be released;
- ii. the Company continues to comply with the conditions for deductibility imposed by the law; and
- iii. no changes in tax legislation adversely affect the Company in releasing the benefit

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	Economic Entity		Parent Entity	
	2004 \$	2003 \$	2004 \$	2003 \$
5. CASH				
Cash at bank	51,275	106,853	51,275	106,853
	51,275	106,853	51,275	106,853

6. RECEIVABLES (Current)

Trade Debtors	12,205	-	12,205	-
Less provision for doubtful debts	-	-	-	-
	12,205	-	12,205	-
Other Debtors	14,754	81	14,754	81
Loan to related company	-	-	120	-
	26,959	81	27,079	81

7. INVESTMENTS (Current)

At cost:				
Shares – listed	-	12,208	-	12,208
Provision for diminution	-	(1,028)	-	(1,028)
	-	11,000	-	11,000

The market value of listed shares at 30th June 2003 was \$11,000.

8. INVESTMENTS (Non - Current)

At cost:				
Shares in related company	-	-	504,500	-
	-	-	504,500	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	Economic Entity		Parent Entity	
	2004 \$	2003 \$	2004 \$	2003 \$
9. PROPERTY, PLANT AND EQUIPMENT				
Plant and equipment	27,773	-	27,773	-
Accumulated amortisation	(921)	-	(921)	-
	<u>26,852</u>	<u>-</u>	<u>26,852</u>	<u>-</u>
Movements in the carrying amounts of plant and equipment during the current financial year:				
Balance at the beginning of the year	-	-	-	-
Additions	27,773	-	27,773	-
Depreciation expense	(921)	-	(921)	-
Carrying amount at the end of the year	<u>26,852</u>	<u>-</u>	<u>26,852</u>	<u>-</u>
10. INTANGIBLE ASSETS				
Patents and trademarks – at cost	519,620	-	-	-
Accumulated amortisation	-	-	-	-
	<u>519,620</u>	<u>-</u>	<u>-</u>	<u>-</u>
11. PAYABLES				
Accrued amounts due to contractors and other advisors	427,533	-	412,533	-
Other creditors	350,000	3,300	350,000	3,300
	<u>777,533</u>	<u>3,300</u>	<u>762,533</u>	<u>3,300</u>
12. PROVISIONS				
Employee entitlements	7,250	-	7,250	-
	<u>7,250</u>	<u>-</u>	<u>7,250</u>	<u>-</u>
Employees at year end	<u>4</u>	<u>-</u>	<u>4</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	Economic Entity		Parent Entity	
	2004 \$	2003 \$	2004 \$	2003 \$
13. CONTRIBUTED EQUITY				
Issued and fully paid ordinary shares 74,900,016 (2003 – 4,000,005) ordinary shares	4,282,291	4,000,005	4,282,291	4,000,005
Balance at the beginning of period	4,000,005	4,000,005	4,000,005	4,000,005
Shares issued during period:				
- 2,400,003 pursuant to Entitlement Issue for cash pre share split	24,000	-	24,000	-
- 15,200,000 pursuant to placement agreements for cash pre share split	152,000	-	152,000	-
-15,450,000 pursuant to Share Sale Agreement for the acquisition of Amelia Blue Pty Limited pre share split	154,500	-	154,500	-
- 800,000 pursuant to placement agreements for cash post share split	80,000	-	80,000	-
Less costs associated with share issues	(128,214)	-	(128,214)	-
Balance at end of year	4,282,291	4,000,005	4,282,291	4,000,005

On 17th March 2004 a one for one share split took effect resulting in the total number of shares on issue at that date being 74,100,016.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	Economic Entity		Parent Entity	
	2004 \$	2003 \$	2004 \$	2003 \$
14. RESERVES				
Forfeited shares reserve				
Balance at beginning of year	15,000	15,000	15,000	15,000
Transfer to accumulated losses	(15,000)	-	(15,000)	-
Balance at end of year	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
15. ACCUMULATED LOSSES				
Accumulated losses at the beginning of year	(3,900,371)	(3,900,440)	(3,900,371)	(3,900,440)
Transfer from forfeited shares reserve	15,000	-	15,000	-
Operating Profit/(Loss)	(556,997)	69	(556,997)	69
Accumulated losses at end of year	<u>(4,442,368)</u>	<u>(3,900,371)</u>	<u>(4,442,368)</u>	<u>(3,900,371)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

16. REMUNERATION OF DIRECTORS & EXECUTIVES

a. Names and positions held of Parent Entity Directors and Specified Executives in office at any time during the financial year are:

Parent Entity Directors

Robert L Stovold	Chairman — Non-Executive
John F Diddams	Managing Director & Chief Executive Officer (appointed 5 th May 2004)
Samuel M Gazal	Director — Non-Executive (retired 22 nd July 2004)
Terence A Flitcroft	Director — Non-Executive (retired 16 th July 2004)
Charles J Gullotta	Director — Non-Executive
Peter C Spencer	Director — Non-Executive (appointed 5 th May 2004)
Rischeh Kumarasinghe	Director — Non-Executive (appointed 5 th May 2004)
Geoffrey H Stumbles	Director — Non-Executive (appointed 5 th May 2004)

Specified Executives

John W Truitt	Chief Marketing Officer (appointed 8 th January 2004)
Ashley J Anderson	Chief Operations Officer (appointed 20 th January 2004)
Daniel Rosa	Dental Technician (appointed 28 th April 2004)
Walid Raad	Dental Technician (appointed 28 th April 2004)

b. Parent Entity Director's Remuneration 2004

Director	Directors' Fees	Super-annuation	No. of Options Issued	Option Values at 9.6 cents per Option	Other	Total
Samuel M Gazal	-	-	-	-	-	-
Terence A Flitcroft	-	-	100,000	9,600	9,083 ⁽¹⁾	18,683
Robert L Stovold	16,667	1,500	300,000	28,800	-	46,967
Charles J Gullotta	8,333	750	300,000	28,800	-	37,883
Peter C Spencer	4,167	375	300,000	28,800	-	33,342
Rischeh Kumarasinghe	4,167	375	300,000	28,800	-	33,342
Geoffrey H Stumbles	8,333	750	300,000	28,800	-	37,883
John F Diddams	-	-	1,500,000	144,000	200,000 ⁽²⁾	344,000
	<u>41,667</u>	<u>3,750</u>	<u>3,100,000</u>	<u>297,600</u>	<u>209,083</u>	<u>552,100</u>

(1) For company secretarial services

(2) For fees to an entity associated with Mr Diddams

Note that directors in office during the year ended 30th June 2003 did not receive any remuneration during that financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

c. Executives' Remuneration 2004

Executive	Salary & Wages	Super-annuation	No. of Options Issued	Option Values at 9.6 cents per Option	Bonuses	Total
John W Truitt	38,813	3,493	1,000,000	96,000	35,000	173,306
Ashley J Anderson	35,437	3,189	1,000,000	96,000	35,000	169,626
Daniel Rosa	10,680	961	-	-	-	11,641
Walid Raad	5,060	455	-	-	-	5,515
	<u>89,990</u>	<u>8,098</u>	<u>2,000,000</u>	<u>192,000</u>	<u>70,000</u>	<u>360,088</u>

The Company had only four employees during the year ended 30th June 2004, and no employees during the year ended 30th June 2003.

d. Remuneration Options – Terms & Conditions

	Granted Number	Grant Date	Value per Option at Grant Date	Exercise Price	Earliest Exercise Date	Last Exercise Date
Parent Entity Directors						
Terence A Flitcroft	100,000	5 May 2004	9.6 cents	30 cents	27 August 2006	27 August 2008
Robert L Stovold	300,000	5 May 2004	9.6 cents	30 cents	27 August 2006	27 August 2008
Charles J Gullotta	300,000	5 May 2004	9.6 cents	30 cents	27 August 2006	27 August 2008
Peter C Spencer	300,000	5 May 2004	9.6 cents	30 cents	27 August 2006	27 August 2008
Rischeh Kumarasinghe	300,000	5 May 2004	9.6 cents	30 cents	27 August 2006	27 August 2008
Geoffrey H Stumbles	300,000	5 May 2004	9.6 cents	30 cents	27 August 2006	27 August 2008
John F Diddams	1,500,000	5 May 2004	9.6 cents	30 cents	27 August 2006	27 August 2008
Specified Executives						
John W Truitt	1,000,000	5 May 2004	9.6 cents	30 cents	27 August 2006	27 August 2008
Ashley J Anderson	1,000,000	5 May 2004	9.6 cents	30 cents	27 August 2006	27 August 2008

All grants of options vest after one year in respect of directors and after two years with respect to the Managing Director and employees. No options have vested at balance date. The service and performance criteria set to determine remuneration are included per Note 16g.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

e. Options and Rights Holdings

NUMBER OF OPTIONS HELD BY SPECIFIED DIRECTORS & EXECUTIVES

	Balance 1.7.03	Granted as Rem- uneration	Balance 30.6.04	Total Vested 30.6.04	Total Exercis- able	Total Unexer- cisable
Parent Entity Directors						
Terence A Flitcroft	-	100,000	100,000	-	-	100,000
Robert L Stovold	-	300,000	300,000	-	-	300,000
Charles J Gullotta	-	300,000	300,000	-	-	300,000
Peter C Spencer	-	300,000	300,000	-	-	300,000
Rischeh Kumarasinghe	-	300,000	300,000	-	-	300,000
Geoffrey H Stumbles	-	300,000	300,000	-	-	300,000
John F Diddams	-	1,500,000	1,500,000	-	-	1,500,000
Specified Executives						
John W Truitt	-	1,000,000	1,000,000	-	-	1,000,000
Ashley J Anderson	-	1,000,000	1,000,000	-	-	1,000,000
Total	-	5,100,000	5,100,000	-	-	5,100,000

f. Shareholdings

NUMBER OF SHARES HELD BY PARENT ENTITY DIRECTORS AND SPECIFIED EXECUTIVES, INCLUDING SHARES HELD BY ENTITIES ASSOCIATED WITH DIRECTORS

	Balance 1.7.03	Net Change Other*	Balance 30.6.04
Parent Entity Directors			
Samuel M Gazal	1,665,250	2,064,770	3,730,020
Terence A Flitcroft	832,625	1,241,583	2,074,208
Robert L Stovold	140,000	308,000	448,000
Charles J Gullotta	832,625	1,241,585	2,074,210
Peter C Spencer	-	-	-
Rischeh Kumarasinghe	-	-	-
Geoffrey H Stumbles	-	-	-
John F Diddams	-	500,000	500,000
Specified Executives			
John W Truitt	-	150,000	150,000
Ashley J Anderson	-	150,000	150,000
Daniel Rosa	-	-	-
Walid Raad	-	-	-
Total	3,470,500	5,655,938	9,126,438

* Net Change refers to shares purchased or sold during the financial year, including a one for one share split on 17th March 2004.

g. Remuneration Practices

The company's policy for determining the nature and amount of emoluments of board members and senior executives of the company is based on a number of factors, including, particular experience of the individual concerned, and overall performance of the company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	Economic Entity		Parent Entity	
	2004 \$	2003 \$	2004 \$	2003 \$
17. REMUNERATION OF AUDITORS				
Amounts received or due and receivable by the auditors for:				
Auditing the financial statements	8,000	2,000	8,000	2,000
Other services	800	1,200	800	1,200
Total included in operating result	<u>8,800</u>	<u>3,200</u>	<u>8,800</u>	<u>3,200</u>

A further amount of \$10,000 receivable by the auditors in connection with the company's Prospectus issued in July 2004 is included in the costs associated with share issues debited to contributed equity at note 13.

18. SEGMENT OPERATIONS

The Company operations during the year related to the commercialisation of a mandibular advancement splint only in Australia.

19. PARTICULARS RELATING TO CONTROLLED ENTITIES

Details of controlled entities are reflected below

Company	Country of Incorporation	Interest %
SomnoMed Limited	Australia	
Entity controlled by SomnoMed Limited		
Amelia Blue Pty Limited	Australia	100

On 11th March 2004 SomnoMed Limited purchased 100% of the issued capital of Amelia Blue Pty Limited for a consideration of \$504,500 comprising 15.45 million shares issued at a fair value of \$154,500 plus \$350,000 cash payable upon listing. The fair value of shares issued was determined by reference to the net assets of the Company at the time of issue.

20. RECONCILIATION OF CASH

	Economic Entity		Parent Entity	
	2004 \$	2003 \$	2004 \$	2003 \$
Cash at the end of the financial year as shown in the statement of cashflows is reconciled to the related items in the balance sheet as follows:				
Cash at Bank and on Deposit	51,275	106,853	51,275	106,853
	<u>51,275</u>	<u>106,853</u>	<u>51,275</u>	<u>106,853</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	Economic Entity		Parent Entity	
	2004 \$	2003 \$	2004 \$	2003 \$
21. RECONCILIATION OF OPERATING PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES				
Operating Profit/(Loss) after income tax	(556,997)	69	(556,997)	69
Loss on sale of investments	-	58,361	-	58,361
Provision for loss on sale of investments	(350)	(46,065)	(350)	(46,065)
Profit from sale of investments	(145)	-	(145)	-
Depreciation	921	-	921	-
Change in operating assets and liabilities				
(Increase)/Decrease in receivables	(26,878)	(81)	(26,878)	(81)
Increase/(Decrease) in other creditors and accruals	307,569	(41,200)	307,569	(41,200)
Increase in provisions	7,250	-	7,250	-
	<u>(268,630)</u>	<u>(28,916)</u>	<u>(268,630)</u>	<u>(28,916)</u>

22. FINANCIAL INSTRUMENTS

a. Interest Rate Risk	Floating Interest Rate		Non Interest Bearing		Weighted Average Effective Rate	
	2004 \$	2003 \$	2004 \$	2003 \$	2004 %	2003 %
Financial Assets:						
Cash	51,275	106,853	-	-	4.60	4.45
Investments	-	-	-	11,000	-	-
Receivables	-	-	26,959	81	-	-
Financial Liabilities						
Payables	-	-	777,533	3,300	-	-
	<u>51,275</u>	<u>106,853</u>	<u>(750,574)</u>	<u>7,781</u>		

The economic entity has no financial assets or liabilities with fixed interest rate exposure.

b. Credit Risk Exposure

The credit risk exposure of the economic entity to financial assets, which have been recognised on the balance sheet, is generally the carrying amount, net of any provisions for doubtful debts.

c. Net Fair Values of Financial Assets and Liabilities

The carrying amounts of cash, cash equivalents and non-interest bearing financial assets and liabilities (for example accounts receivable and payable) approximate fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

23. EARNINGS PER SHARE

	Economic Entity	
	2004 \$	2003 \$
Basic earnings/(loss) per share (cents per share)	(2.3)	-
Weighted average number of shares used in the calculation of basic loss per share	24,560,035	4,000,005

24. EVENTS SUBSEQUENT TO BALANCE DATE

Since the end of the financial year, the directors are not aware of any matter that has significantly affected or may significantly affect the operations of the Company in subsequent financial years except that the company has successfully issued a further 40,000,000 shares and raised \$12 million pursuant to a Prospectus dated 22nd July 2004 to commercialise its intellectual property.

25. CONTINGENT LIABILITIES

At 30th June 2004 contingent liabilities existed for amounts that were payable under various agreements subject to the planned capital raising and listing on the ASX, as follows:

- \$200,000 to Winchester Associates Pty Limited (a company associated with Mr Charles Gullotta) in relation to advisory services;
- \$200,000 to Graham Hurst for advisory services in relation to listing on the ASX;
- \$200,000 to REM Medical Pty Limited in relation to his engagement to provide medical advice in relation to the commercialisation of the Device, together with the reimbursement of expenses of \$5,000;
- \$30,000 to Rischeh Kumarasinghe payable for advice in relation to the planned capital raising;
- \$30,000 to Heath Oliver & Associates Pty Limited (a company associated with Mr Geoffrey Stumbles) for consultancy services;
- \$5,000 to Dr Jack Gerschman for the provision of his services in relation to the Prospectus;
- 500,000 options to Mr John Diddams. These options carry the right to acquire one fully paid ordinary share on payment of 30 cents per share. The options are exercisable between 27th August 2006 and 27th August 2008. Each option has been valued at 9.2 cents. The entire parcel has been valued at \$46,000.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

26: CAPITAL AND LEASING COMMITMENTS

Operating Lease Commitments

	Economic Entity		Parent Entity	
	2004 \$	2003 \$	2004 \$	2003 \$
Non-cancellable operating leases contracted for but not capitalised in the financial statements				
Payable				
-not later than 1 year	123,083	-	123,083	-
-later than 1 year but not later than 5 years	648,109	-	648,109	-
-later than 5 years	28,798	-	28,798	-
	<u>799,990</u>	<u>-</u>	<u>799,990</u>	<u>-</u>

The property lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by 4% per annum. An option exists to renew the lease at the end of the five-year term for an additional term of five years.

The lease allows for subletting of all lease areas.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 7 to 25 are in accordance with the Corporations Act 2001:
 - a. comply with Accounting Standards and the Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position as at 30 June 2004 and of the performance for the year ended on that date of the company and economic entity;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Robert L Stovold
Chairman

Dated 14th September 2004



STIRLING WARTON WILLIAMS
CHARTERED ACCOUNTANTS

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
SOMNOMED LIMITED**

Scope

We have audited the financial report of SomnoMed Limited and its controlled entity for the year ended 30 June 2004 as set out on pages 7 to 26.

The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entity it controlled at the end of the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of SomnoMed Limited is in accordance with:

- a. the Corporations Act 2001, including:
 - i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2004 and of their performance for the year ended on that date; and
 - ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b. other mandatory professional reporting requirements in Australia.

Inherent Uncertainty Regarding Recoverability of Assets

Without qualification to the opinion expressed above, attention is drawn to the following matter.

Included in non current assets in the consolidated statement of financial position are patents and trademarks at cost of \$519,620. The ultimate recovery of the value of these assets is dependent upon the success of the commercialization of the intellectual property.

Stirling Warton Williams
Chartered Accountants

P E Turner
Partner
Sydney, 14th September 2004

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Liability is limited by the Accountants' Scheme pursuant to the NSW Professional Standards Act 1994

ADDITIONAL INFORMATION

1.	Shareholding	
a.	Distribution of Shareholders	Number
	Category (size of Holding)	
	1-1,000	69
	1,001-5,000	90
	5,001-10,000	182
	10,001-100,000	216
	100,001 and over	52
		<u>609</u>

b. The number of shareholdings held in less than marketable parcels is 73.

c. The names of the substantial shareholders listed in the holding company's register as at 3rd September 2004 are:

Shareholder	Number Ordinary	Percentage
Dr Richard Palmisano & Tunend Pty Limited	42,560,000	37.04%
REM Medical Pty Limited <ATF Cocoon Super Fund & Cistulli Family Trust>	16,440,000	14.31%

d. **Voting Rights**

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e. **20 Largest Shareholders — Ordinary Shares as at 3rd September 2004**

	Name	No. of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	Dr Richard Palmisano	30,900,000	26.89
2.	REM Medical Pty Limited <Cistulli Family A/C>	12,440,000	10.83
3.	Tunend Pty Limited	11,660,000	10.15
4.	Westpac Custodian Nominees Limited	7,184,299	6.25
5.	Mr Graham Hurst	5,180,000	4.51
6.	J P Morgan Nominees Australia Limited	5,000,000	4.35
7.	ANZ Nominees Limited	4,473,340	3.89
8.	Queensland Investment Corporation	4,333,340	3.77
9.	REM Medical Pty Limited <Cocoon Super Fund A/C>	4,000,000	3.48
10.	Roslyndale Pty Limited	3,728,420	3.24
11.	Brylet Pty Limited	2,074,210	1.80
12.	Kemlay Pty Limited	2,074,208	1.80
13.	Golden Words Pty Limited	1,150,000	1.00
14.	United & Pacific Shirt Co Pty Limited <The Elizabeth No 2 Account>	800,000	0.70
15.	Mr Geoffrey Ashton Cousins	750,000	0.65
16.	J P Morgan Nominees Pty Limited <ML Growth Fund A/C>	666,670	0.58
17.	Fortis Clearing Nominees Pty Limited <Settlement A/C>	506,588	0.44
18.	Mr Robert Stovold	498,000	0.43
19.	UBS Nominees Pty Limited <Prime Broking A/C>	477,346	0.42
20.	Accbell Nominees Pty Limited	400,000	0.35
		<u>98,246,421</u>	<u>85.53</u>

CORPORATE DIRECTORY

Registered Office

Level 2, 27 Macquarie Place
Sydney NSW 2000
Telephone: (02) 9251 3311

Principal Administrative Office

Level 3, 20 Clarke Street
Crows Nest NSW 2065
Telephone: (02) 9439 9890

Company Website

www.somnomed.com.au

Directors

Robert L Stovold	Non-executive Chairman
John F Diddams	Managing Director and CEO
Charles J Gullotta	Non-executive Director
Rischeh Kumarasinghe	Non-executive Director
Dr Peter Spencer	Non-executive Director
Geoffrey H Stumbles	Non-executive Director

Company Secretary

Terence A Flitcroft

Medical Advisory Board

Associate Professor Peter A Cistulli (Chairman)
Associate Professor J A (Jack) Gerschman
Professor Iven J Klineberg
Professor Colin Sullivan

Legal Advisors

Atanaskovic Hartnell

Patent Attorneys

Spruson & Ferguson

Banker

Westpac Banking Corporation

Auditors

Stirling Warton Williams

Financial Advisor

Winchester Associates Pty Limited

Share Registry

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