

16 January 2017

Company Announcements Office  
Australian Securities Exchange

## **Quarterly Cash Flow Statement**

### **HIGHLIGHTS**

- **Record quarter sales of \$18.3 million**
- **Half-year sales of \$36.1 million up 131% on prior corresponding period**
- **Fourth consecutive quarter of positive cash flow with cash on hand increasing by \$3.3 million to \$56.9 million**
- **North American installed base grows to over 10,700 units, up 60% on prior corresponding period, with installed base growing by over 1,000 units for fifth consecutive quarter**
- **Momentum building in UK supported by Scottish guidelines and Managed Equipment Service business model**

Nanosonics Limited (ASX: NAN), a leader in infection control solutions, today released its Appendix 4C Quarterly Report for the quarter ended 31 December 2016.

Sales of \$18.3 million were achieved in the December 2016 quarter resulting in FY17 first half sales of \$36.1 million, up 131% compared with the prior corresponding period. The December 2016 quarter also delivered the fourth consecutive quarter of positive cash flow with cash balance growing to \$56.9 million, up \$3.3 million compared with the prior quarter.

“Record sales of \$18.3 million resulting in a fourth consecutive quarter of positive cash flow is a very pleasing financial result as we continue to effectively execute on the strategies set out in our strategic growth agenda” said Michael Kavanagh, Nanosonics’ Chief Executive Officer and President.

“The continuing growth momentum this quarter demonstrates the ongoing strengthening of the market fundamentals for adoption as well as the value of the unique benefits that the trophon technology provides customers in terms of safety, versatility and simplicity.

“Strong sales in North America continued in the quarter where the total installed base grew to over 10,700, up 60% compared with the prior corresponding period. Progress in the UK was also very encouraging this quarter with six of the fourteen Scottish NHS trusts commencing adoption of trophon following the announcement of new guidelines in Scotland and our Managed Equipment Service business model also gaining traction. The Company’s global installed base now stands at approximately 12,300 units”.

### **Investor conference call**

Investors are invited to join a conference call hosted by Mr Michael Kavanagh, CEO and President of Nanosonics Limited at **11.00am AEDT on Monday 16<sup>th</sup> January 2017**.

To access the call please use the following details:

**Conference ID: 5127 6381**

#### Australian Participant Dial-in Numbers

**Toll:** +61 2 8038 5221 (can be used if dialing from international location)

**Toll Free:** 1800 123 296

#### International Participant Dial-in Numbers

Toll-free dial-in numbers for each country are listed below. For countries not listed below, the Australian Toll number provided above may be used.

New Zealand Toll Free	0800 452 782
China	4001 203 085
Canada	1855 5616 766
Hong Kong	800 908 865
India	1800 3010 6141
Japan	0120 477 087
Singapore	800 616 2288
United Kingdom	0808 234 0757
United States	1855 293 1544

An archive of the conference call will be available at <http://www.openbriefing.com/OB/2378.aspx>.

**Michael Kavanagh**  
**CEO / President**

#### **For more information please contact:**

Michael Kavanagh, CEO / President or McGregor Grant, CFO, on (02) 8063 1600

Kyahn Williamson, Investor Relations, Buchan Consulting on (03) 9866 4722

Ben Walsh, Media Relations, Buchan Consulting on (03) 9866 4722.

#### **About Nanosonics**

Nanosonics Limited is developing a portfolio of decontamination products designed to reduce the spread of infection. The Company owns intellectual property relating to a unique disinfection and sterilisation technology which can be suited to a variety of markets. Initial market applications are designed for the reprocessing of reusable medical instruments. The Company's first product is designed to disinfect Ultrasound Transducers. For more information about Nanosonics please visit [www.nanosonics.com.au](http://www.nanosonics.com.au)

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

**Name of entity**

**NANOSONICS LIMITED**

**ABN**

**11 095 076 896**

**Quarter ended ("current quarter")**

**31 December 2016**

**Consolidated statement of cash flows**

**Current quarter  
\$A'000**

**Year to date  
(6 months)  
\$A'000**

**1. Cash flows from operating activities**

1.1	Receipts from customers	17,174	37,394
1.2	Payments for		
	(a) research and development <sup>1</sup>	(2,063)	(3,792)
	(b) product manufacturing and operating costs <sup>2</sup>	(6,083)	(12,766)
	(c) advertising and marketing <sup>2</sup>	(556)	(968)
	(d) leased assets	(219)	(436)
	(e) staff costs <sup>3</sup>	(4,456)	(9,569)
	(f) administration and corporate costs <sup>2</sup>	(897)	(1,612)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	171	532
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	(1)	8
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>3,070</b>	<b>8,791</b>

<sup>1</sup> Includes related staffing costs

<sup>2</sup> Excludes related staffing costs which are disclosed in 1.2 (e)

<sup>3</sup> Includes all staffing costs, except those for research and development

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(212)	(430)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	(41)	(120)
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(253)</b>	<b>(550)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	15	15
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(105)	(201)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – Interest paid on borrowings	(20)	(41)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(110)</b>	<b>(227)</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	53,629	48,841
4.2	Net cash from / (used in) operating activities (item 1.9 above)	3,070	8,791
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(253)	(550)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(110)	(227)
4.5	Effect of movement in exchange rates on cash held	537	18
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>56,873</b>	<b>56,873</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	14,646	23,240
5.2	Call deposits	468	1,389
5.3	Bank overdrafts	-	-
5.4	Other – Short term deposits	41,759	29,000
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>56,873</b>	<b>53,629</b>

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	262
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
Payments are for director fees to non-executive directors and salaries to executive directors including superannuation and incentives.		

<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1	Aggregate amount of payments to these parties included in item 1.2	4
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Payments to related entities are for purchase of goods on normal commercial terms and conditions and at market rates.

<b>8.</b>	<b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1	Loan facilities	2,065	1,544
8.2	Credit standby arrangements	50	5
8.3	Other – Guarantee facilities	475	461
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Loan facilities relate to the secured asset finance facility entered with ANZ Bank utilised for the leasehold improvements of the global corporate and manufacturing facility in Lane Cove, NSW, Australia for \$2,048,000 repayable in fixed monthly instalments for a period of 5 years at 4.92% per annum from September 2015.

Credit standby arrangement relates to the commercial card facility with ANZ Bank.

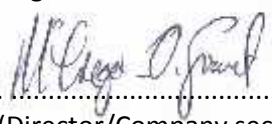
Guarantee facilities obtained from ANZ Bank are for the bank guarantees on rental bond for the sublease of 14 Mars Road, Lane Cove, NSW, Australia, car park licence fee bond and make good guarantee with the lessor as the beneficiary.

<b>9.</b>	<b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1	Research and development	(2,292)
9.2	Product manufacturing and operating costs	(6,079)
9.3	Advertising and marketing	(617)
9.4	Leased assets	(222)
9.5	Staff costs	(4,841)
9.6	Administration and corporate costs	(931)
9.7	Other (provide details if material)	
<b>9.8</b>	<b>Total estimated cash outflows</b>	<b>(14,982)</b>

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	N/A	N/A
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: .....   
(Director/Company secretary)

Date: 16 January 2017

Print name: McGregor Grant

### 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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.