

31 July 2015

Company Announcements Office
Australian Securities Exchange

Quarterly Cash Flow Statement

HIGHLIGHTS

- **Fourth quarter sales of \$4.132 million in line with plan during transition phase.**
- **Full year sales of \$22.214 million in line with expectations.**
- **Strong balance sheet to support growth strategy with cash reserve of \$45.724 million.**
- **Installed base growing strongly in North America with over 5,000 trophon[®] EPR units now in use.**
- **North American direct sales operations now established and operational with strong pipeline for direct sales building.**
- **New pivotal study results presented at Society for Healthcare Epidemiology of America (SHEA) and Association for Professionals in Infection Control and Epidemiology (APIC) in May and June showing trophon EPR is the only high level disinfection system for ultrasound probes proven to be effective against high risk cancer causing strains of human papilloma virus support trophon adoption.**
- **Relocation to new global headquarters, manufacturing facility and R&D centre now fully completed.**

Nanosonics (ASX: NAN), a leader in infection control solutions, today released its Appendix 4C Quarterly Report for the quarter ended 30 June 2015.

Sales in the fourth quarter were \$4.132 million which were in line with plan as the company successfully continued through the transition phase of establishing direct sales operations in North America.

Importantly sales to customers continued to increase strongly during the quarter with the installed base in North America now in excess of 5,000 units.

Cash at the end of the quarter totalled \$45.724 million which provides a strong balance sheet to support the Company's growth objectives.

Sales for the total year of \$22.214 million were up 3.4% despite the foreshadowed lower purchases from GE Healthcare during the transition to a non-exclusive partnership and our direct sales model.

Nanosonics' North American direct sales organisation has now been successfully established. Recruitment for all sales territories is complete with all sales professionals trained and focussed on building the pipeline for direct sales. Warehousing, service operations and order procurement facilities are now in place and operating effectively.

"The fourth quarter has been a very busy period and one of significant achievement for Nanosonics," said Michael Kavanagh, Nanosonics' Chief Executive Officer and President. "Our direct operations in the United States are now fully operational and we are very pleased with the high calibre sales professionals we have attracted to the organisation and the speed by which the operations have been established and gaining traction"

"Customer feedback to our direct operations has been very positive and a number of important contracts with Integrated Delivery Networks (IDNs) in the USA were signed during the quarter. Our current focus is on building a strong pipeline for direct sales, which is progressing positively.

"Sales in Europe continue to grow led by the UK where new guidelines were introduced this year in Wales with further new guidelines from England and Scotland expected in the first half of FY16. A new Nanosonics facility was also opened in the UK during this quarter"

"In May we announced the results of a significant clinical study conducted by researchers from Penn State College of Medicine and Brigham Young University. The study demonstrated that trophon EPR is the only high level disinfection system for ultrasound transducers proven to be effective against high-risk cancer causing strains of human papilloma virus. The results of this study have been presented at two national conferences in the USA and a publication is currently under review in a peer reviewed journal. The outcomes of this study further highlight the opportunity for trophon EPR to become the standard of care in North America.

"In May we successfully moved to our new Global Headquarters, manufacturing facility and R&D centre in Lane Cove, Sydney. These new facilities which more than double the space available to the Company are now fully operational resulting in increased flexibility in manufacturing capacity and efficiency. New 'state of the art' research and development laboratories have also been built at the new facility to further support our ongoing R&D capabilities and pipeline activities".

Michael Kavanagh
CEO / President

Investor conference call

Investors are invited to join a conference call hosted by Mr Michael Kavanagh, CEO and President of Nanosonics at **11.00am AEST on Friday 31 July 2015.**

To access the call please use the following details:

Conference ID: 9768 6078

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 453 055
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/1898.aspx> and on the Company's website www.nanosonics.com.au

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 (02) 9237 2801.

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

Appendix 4C

QUARTERLY REPORT

Name of entity

NANOSONICS LIMITED

ABN

11 095 076 896

Quarter ended ("current quarter")

30 June 2015

Consolidated statement of cash flows

Cash flows related to operating activities

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	1,789	26,873
1.2 Payments for:		
(a) staffing costs	(4,276)	(15,383)
(b) intellectual property	(64)	(296)
(c) quality and regulatory management	(51)	(316)
(d) business development	(568)	(1,410)
(e) premises, plant and equipment	(605)	(1,449)
(f) external consultants and advisors	(394)	(1,359)
(g) other operating costs, including working capital	(1,945)	(10,051)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	392	837
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes refund received (paid)	-	15
1.7 Other (R&D Tax Incentive/EMDG)	59	119
Net operating cash flows	(5,663)	(2,420)

Quarterly Report (4C Statement) for Quarter ended 30 June 2015

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(5,663)	(2,420)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)26	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(1,403)	(2,311)
(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 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	(1,403)	(2,311)
1.14 Total operating and investing cash flows	(7,066)	(4,731)
Cash flows related to financing activities		
1.15 Proceeds from issue of shares and exercise of options	1,280	29,610
1.16 Net proceeds from issue of convertible note	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	(4)	(8)
1.19 Dividends paid	-	-
1.20 Share issue costs	(54)	(962)
Net financing cash flows	1,222	28,640
Net increase (decrease) in cash held	(5,844)	23,909
1.21 Cash at beginning of quarter/year to date	51,542	21,233
1.22 Exchange rate adjustments to item 1.21	26	582
1.23 Cash at end of quarter	45,724	45,724

Quarterly Report (4C Statement) for Quarter ended 30 June 2015

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'000
1.24	Aggregate amount of payments to the parties included in item 1.2	325
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 are for director fees to non executive directors and salaries to executive directors including superannuation, rent to, and various services provided by director-related entities. Costs are determined on an arms length basis. Rent is at market rate determined by independent valuers.

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

None

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

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	41	18
3.2 Credit standby arrangements	50	3
3.3 Guarantee facilities	475	297

Quarterly Report (4C Statement) for Quarter ended 30 June 2015

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	1,886	3,470
4.2 Deposits at call	2,138	1,372
4.3 Bank overdraft	-	-
4.4 Term deposits	41,700	46,700
Total: cash at end of quarter (item 1.23)	45,724	51,542

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	N/A	N/A
5.2 Place of incorporation or registration		
5.3 Consideration for Incorporation		
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 ~~/does not~~* (delete one) give a true and fair view of the matters disclosed.

Sign here:

Date: 31 July 2015

Print name: Michael Kavanagh
CEO/Managing Director