

26 October 2016

Company Announcements Office  
Australian Securities Exchange

## Quarterly Cash Flow Statement

### HIGHLIGHTS

- **Record quarter sales of \$17.8 million, up 18% on prior quarter**
- **Third consecutive quarter of positive cash flow with cash on hand increasing \$4.8 million to \$53.6 million**
- **North American installed base grows to over 9,700 units with fourth consecutive quarter of 1,000 unit installed base growth**
- **First shipments of trophon<sup>®</sup> EPR units into Scotland following release of new Scottish guidelines**

Nanosonics (ASX: NAN), a leader in infection control solutions, today released its Appendix 4C Quarterly Report for the quarter ended 30 September 2016.

Record sales of \$17.8 million were achieved in the first quarter of FY17, up 18% compared with prior quarter sales of \$15.1 million (174% on prior corresponding period sales of \$6.5 million) driven by continuing strong adoption in North America.

Positive growth momentum in North America continued where the total installed base grew to over 9,700 units with the September quarter delivering the fourth consecutive quarter of over 1,000 unit installed base growth.

The September quarter also resulted in the third consecutive quarter of positive cash flow with the cash balance growing to \$53.6 million, up \$4.8 million on prior quarter.

“The continuing adoption of trophon across more hospitals and clinical departments signifies not only the recognised importance of addressing the requirement for improved standards of care but also the unique value propositions of trophon in delivering safe, effective and efficient high level disinfection.” said Michael Kavanagh, Nanosonics’ Chief Executive Officer and President. “Delivering record quarter sales of \$17.8 million in addition to the third consecutive quarter of positive cash flow is a great start to the FY17 financial year”.

“It was also very pleasing to deliver the first shipment of trophon units to Scotland on the back of new Scottish guidelines introduced last quarter. The commencement of adoption of trophon in Scotland demonstrates the importance and impact of new guidelines for the high level disinfection requirements for ultrasound transducers. New guidelines from the NHS in England are pending and our expectation is that they will also reinforce the requirement for improved standards for disinfection”.

### **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 Wednesday 26 October 2016.**

**Conference ID: 5052 969**

#### 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	800 908 861
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 [www.openbriefing.com/OB/2149.aspx](http://www.openbriefing.com/OB/2149.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")**

**30 September 2016**

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	20,220	20,220
1.2 Payments for		
(a) research and development <sup>1</sup>	(1,729)	(1,729)
(b) product manufacturing and operating costs <sup>2</sup>	(6,683)	(6,683)
(c) advertising and marketing <sup>2</sup>	(412)	(412)
(d) leased assets	(217)	(217)
(e) staff costs <sup>3</sup>	(5,113)	(5,113)
(f) administration and corporate costs <sup>2</sup>	(715)	(715)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	361	361
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	9	9
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>5,721</b>	<b>5,721</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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>2. Cash flows from investing activities</b>			
2.1 Payments to acquire:			
(a) property, plant and equipment	(218)	(218)	
(b) businesses (see item 10)	-	-	
(c) investments	-	-	
(d) intellectual property	-	-	
(e) other non-current assets	(79)	(79)	
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 Net cash from / (used in) investing activities</b>	<b>(297)</b>	<b>(297)</b>	

<b>3. 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	-	-	
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-	
3.5 Proceeds from borrowings	-	-	
3.6 Repayment of borrowings	(96)	(96)	
3.7 Transaction costs related to loans and borrowings	-	-	
3.8 Dividends paid	-	-	
3.9 Other – Interest paid on borrowings	(21)	(21)	
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(117)</b>	<b>(117)</b>	

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<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	48,841	48,841
4.2	Net cash from / (used in) operating activities (item 1.9 above)	5,721	5,721
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(297)	(297)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(117)	(117)
4.5	Effect of movement in exchange rates on cash held	(519)	(519)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>53,629</b>	<b>53,629</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	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	23,240	16,591
5.2	Call deposits	1,389	750
5.3	Bank overdrafts	-	-
5.4	Other – Short term deposits	29,000	31,500
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>53,629</b>	<b>48,841</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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.

7. <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.

8. <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	1,648
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 secured asset finance facilities entered with ANZ Bank utilised for: (1) 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; and (2) forklift purchased at 8.09% per annum for 5 years from December 2011.

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	(1,875)
9.2	Product manufacturing and operating costs	(6,150)
9.3	Advertising and marketing	(559)
9.4	Leased assets	(256)
9.5	Staff costs	(5,135)
9.6	Administration and corporate costs	(1,049)
9.7	Other (provide details if material)	-
<b>9.8</b>	<b>Total estimated cash outflows</b>	<b>(15,024)</b>

<b>10.</b>	<b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
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: 26 October 2016

Print name: McGregor Grant