



ACN 010 126 708

ASX Release
31st July 2017

BUSINESS UPDATE JUNE QUARTER 2017

(Accompanying APPENDIX 4C)

Adelaide, 31 July 2017: RHS Limited (ASX: RHS) ("RHS" or the "Company") earlier today, announced its second quarter cash flow report for the quarter ending 30 June 2017, together with a business update. The Company notes that the Appendix 4C had not been signed and dated. Accordingly, an amended ASX release is attached, with the Appendix 4C now signed and dated. The release is otherwise unchanged.

For further information please contact:

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About RHS

RHS is a developer of advanced single cell genomic technologies focussed on improving health and research outcomes, with over 10 years of technical experience in the field. RHS recently released DOPlify™, a product that is a platform technology for whole genome amplification (WGA) of single or small numbers of cells. DOPlify™ is applicable to the global Next Generation Sequencing (NGS) market. EmbryoCollect® is the Company's lead IVF specific product and is designed to increase the chance of a successful IVF cycle by selecting the most viable embryos for transfer by screening for aneuploidy. This is known as Preimplantation Genetic Screening (PGS).

RHS Ltd.
ACN 010 126 708
ASX: RHS

Issued Capital
89.9 million shares
7.05 million options

Registered Office
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Directors
Dr David Brookes (Chairman)
Sue MacLeman
Johnathon Matthews
Dr Michelle Fraser (CEO)

**Finance Officer
& Company Secretary**
Raymond Ridge



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(Accompanying APPENDIX 4C)

Adelaide, 31 July 2017: RHS Limited (ASX: RHS) ("RHS" or the "Company") announces its second quarter cash flow report for the quarter ending 30 June 2017, together with a business update.

Highlights

- QOQ growth forecast maintained; cash on hand at 30 June 2017 was \$1.99 Million.
- Company's commercial and scientific resources bolstered as interest in products and genomic services escalates.

The Company is prudently resourcing to meet the current and expanding interest in its products and IVF Preimplantation Genetic Screening (PGS) services. The Company anticipates appointing a senior sales, marketing and business development executive, and is also bolstering the scientific team to meet increasing demand for products, services and advanced technical support for new applications of RHS products and expectations of continued growth. The Company continues to work through significant projects with major international companies involving expanded applications of DOPlify™ across IVF, "liquid biopsy" and broader fields of research and applied use.

Subsequent to 30 June 2017,

- Increased invoicing trends are evident for both products and services, which supports forecasted QOQ revenue increases continuing. This includes a fourth Australian IVF provider commencing as an RHS PGS service customer. The PGS/Preimplantation Genetic Diagnosis (PGD) service remains an integral part of RHS allowing in house product end user experience, which assists with product training, communication of competitive advantages and technical support, as well as forming an important part of RHS revenues.
- Illumina have announced that they will no longer supply their microarray products 24sure and 24sure+ from 2018. This has increased interest in RHS' EmbryoCollect® as users of the Illumina microarray products search for a replacement. RHS has already optimised and released a protocol for ready cross-validation of 24sure and EmbryoCollect® using archival samples and sells a lab validation kit to enable clinics to make the transition rapidly and confidently.
- RHS introduced a new product PG-Seq™ at the European Society for Human Reproduction and Embryology (ESHRE) meeting in Geneva, early July 2017. PG-Seq™ is a complete PGS solution using Next Generation Sequencing (NGS) that includes RHS' DOPlify™ whole genome amplification (WGA), NGS library preparation reagents and software for data analysis. RHS released interim validation data obtained from 197 samples using an Illumina MiSeq sequencing platform confirming accuracy for the detection of aneuploidy and smaller

genetic changes down to 7Mb in size. The complete validation dataset is scheduled for release in October at the American Society for Reproductive Medicine meeting. PG-Seq™ enables high-throughput PGS analysis of twice as many samples as the Illumina PGS product VeriSeq (48 compared to 24) and can be combined with RHS' Target Sequence Enrichment for PGS and single gene disorder detection (PGD).

- RHS held a DOPlify™ web-based training seminar in the Australasian timezone with further seminars being held in the European and US timezones over the coming days. These seminars provide RHS with an opportunity to present their products and latest data to current and potential customers and have been attended by more than 40% of the addressable market.
- During the June quarter, the Company:
 - Received cash revenue of \$63K, being an increase on the prior quarter and consisted of growth in both kit sales and service provision.
 - Successfully completed a placement to sophisticated investors in June 2017, raising \$1.5 million before capital raising costs.
 - Continued to control operating costs closely with gross operating cash outflows for the quarter of (\$596K), compared to (\$502K) in Q1 and the quarterly average for the 2016 year of (\$464K). Increased costs were related to conference attendance and exhibition and increased laboratory consumables used in the validation of PG-Seq™. Net operating cash outflows for the quarter totalled (\$275K), down from (\$470K) in the previous quarter. The forecast gross outflows for the next quarter of (\$707K) reflect (\$123k) of inventory purchases to ensure RHS is equipped to meet anticipated increased demand for EmbryoCollect® and DOPlify™.
 - Received confirmation that RHS' DOPlify™ is world leading in its use in both preimplantation screening and circulating tumour cell applications, based on results from the University of Ghent's comparison of single cell WGA kits. The University of Ghent presented the results at the Cambridge Healthtech Institute's Fifth International Molecular Diagnostics conference in Lisbon 10-13 April and the data was published in Nature Scientific Reports in June. The results, together with ease of use, robustness and flexibility provide DOPlify™ with a clear competitive advantage. (Refer ASX Announcement 13 April 2017 and RHS Website http://www.rhsc.com.au/uploads/general/Deleye_2017_performance_of_four_modern_whole_genome_amplification_methods.pdf).
 - Extended the Company's presence outside of the reproductive genomics market, as an exhibitor at the American Association for Cancer Research Annual Meeting 2017 in Washington DC April 1-5. The overwhelming positive response has encouraged RHS to demonstrate proof of principle with key collaborators for the rapidly emerging liquid biopsy market, which is the testing of circulating tumour cells and cell free tumour DNA, a market estimated to reach USD\$13.4bn by 2020.
 - Changed its name from Reproductive Health Science Limited to RHS Limited. All of the above product and technical developments provided RHS with the opportunity to reposition and rebrand the Company as a single cell molecular tools company. Our deep expertise in amplifying and assessing limited DNA, including single cell genomes, has positioned RHS as a global leader.
 - Entered into a co-development project with Repromed (part of the Monash IVF Group) on non-invasive PGS was announced at the RHS AGM on the 26th May 2017. This non-invasive approach to embryo screening has the potential to improve IVF outcomes by making PGS more accessible for patients. A media release between Repromed and RHS can be found at the RHS website by the following link: <http://www.rhsc.com.au/news>. It is anticipated that an update on the co-development project and trial will occur around the time of the annual meeting of the American Society for Reproductive Medicine (ASRM) to be

held in San Antonio in late October 2017 where the abstract co-authored by Repromed and RHS has been accepted for oral presentation.

- Published a 5 hour protocol for its first product, EmbryoCollect®. This is the shortest array protocol on the market and is significantly shorter than what is achievable using NGS. EmbryoCollect® is a solution to comfortably support fresh embryo transfer with results available the day of biopsy.
- Co-authored an abstract that has been accepted for poster presentation at the American Society for Histocompatibility and Immunogenetics (11-15 September, San Francisco) with European company GenDx (<http://www.gendx.com/>) on the use of DOPlify™ with target sequence enrichment for HLA typing from 5 cells. This protocol currently requires a blood sample containing 50-200 ng of purified DNA or more than 8,000 cells of DNA.

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

RHS LIMITED

ABN

84 010 126 708

Quarter ended ("current quarter")

30 June 2017

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	63	92
1.2 Payments for		
(a) laboratory supplies used in research and development	(68)	(80)
(b) product manufacturing and operating costs	(1)	(19)
(c) advertising and marketing	(91)	(158)
(d) leased assets	(32)	(65)
(e) staff costs	(269)	(537)
(f) administration and corporate costs	(132)	(233)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	(4)	(7)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	258	258
1.8 Other (provide details if material)	-	1
1.9 Net cash from / (used in) operating activities	(275)	(745)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(5)	(11)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
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)	-	-
2.6	Net cash from / (used in) investing activities	(5)	(11)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	1,500	1,500
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	(108)	(108)
3.5	Proceeds from borrowings	30	30
3.6	Repayment of borrowings	(24)	(35)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,398	1,387

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	871	1,358
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(275)	(745)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5)	(11)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,398	1,387

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	1,989	1,989

5.	Reconciliation of cash and cash equivalents 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	69	44
5.2	Call deposits	1,920	827
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,989	871

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

**Current quarter
\$A'000**

(103)

-

Executive director salary, directors fees and superannuation.

7. Payments to related entities of the entity and their associates

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

**Current quarter
\$A'000**

-

-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	158	158
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
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.		

The above includes:

- \$140k loan facility is equipment financing through NAB at an effective interest rate of 7.22% (secured over the equipment).
- \$18k a funding agreement for annual insurance premiums (unsecured).

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(30)
9.2 Product manufacturing and operating costs	(123)
9.3 Advertising and marketing	(61)
9.4 Leased assets	(34)
9.5 Staff costs	(256)
9.6 Administration and corporate costs	(183)
9.7 Other (equipment loan repayments)	(20)
9.8 Total estimated cash outflows	(707)

During the next quarter ended 30 June 2017, the Company expects to receive its 2016 year Research & Development tax incentive and the final allocation of the Export & Marketing Development Grant.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
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:
(Company secretary)

Date: ...31 July 2017.....

Print name:Ray Ridge.....

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.