

29 January 2016

Company Announcements Office
Australian Securities Exchange

Quarterly Cash Flow Statement

HIGHLIGHTS

- **Record quarter sales of \$9.12 million up 41% on prior quarter driven by sales from North American direct operations.**
- **Record half year sales of \$15.58 million under revised North American business model.**
- **Installed base in North America increases by over 1,000 units in the quarter, growing to over 6,700 trophon[®] EPR units.**
- **Cash reserve of \$42.628 million maintains strong balance sheet to support growth strategy.**
- **GE Healthcare to recommence purchasing of trophon EPR units in current quarter.**

Nanosonics (ASX: NAN), a leader in infection control solutions, today released its Appendix 4C Quarterly Report for the quarter ended 31 December 2015.

Second quarter sales revenue of \$9.12 million was up 41% on prior quarter. This record result was primarily driven by strong sales through the Nanosonics' direct operations in North America as awareness and demand for trophon continues to grow.

The strengthening market fundamentals for the adoption of trophon as standard of care also saw the installed base in the quarter grow by over 1,000 units, which is record growth for a quarter. The current installed base is now over 6,700 units in North America.

Sales for the six months to 31 December 2015 were \$15.577 million representing a record half.

Cash at the end of the quarter totalled \$42.628 million providing a strong balance sheet for the Company to continue executing on its growth strategy.

“The December quarter is traditionally a strong sales quarter for medical devices in North America and has certainly been one of significant achievement and growth for Nanosonics,” said Michael Kavanagh, Nanosonics' Chief Executive Officer and President. “Adoption of our trophon technology continues to grow strongly as customers look to implement superior decontamination solutions to mitigate the risks of cross contamination. Awareness of trophon as the only technology proven to kill cancer causing HPV continues to grow and is gaining traction in the market place in particular post the recent publication of this data in the Journal of Medical Virology.

“Our direct operations in North America continue to make excellent progress generating awareness, sales and strong pipeline growth. In this quarter one of the leading Integrated Delivery Networks (IDNs) in the United States made a significant purchase from Nanosonics as it commenced the adoption of trophon as standard of

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care across its network of hospitals. As expected, during the quarter there were no sales of trophon units to our distribution partner GE Healthcare. However, sales by GE to end customers continued to be very strong, supporting the overall installed base growth of over 1,000 units for the quarter. GE Healthcare will recommence the purchasing of trophon units in this current quarter”.

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 29 January 2016.**

Conference ID: 4057 5715

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.

Canada	1855 5616 766
China	4001 203 085
Hong Kong	800 908 865
India	1800 3010 6141
Japan	0120 477 087
New Zealand	0800 452 782
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.obenbriefing.com.

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 Oliver, 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

Appendix 4C

QUARTERLY REPORT

Name of entity

NANOSONICS LIMITED

ABN

11 095 076 896

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

Cash flows related to operating activities

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	7,216	13,638
1.2 Payments for:		
(a) staffing costs	(5,466)	(9,817)
(b) intellectual property	(167)	(334)
(c) quality and regulatory management	(131)	(238)
(d) business development	(774)	(1,337)
(e) premises, plant and equipment	(774)	(1,280)
(f) external consultants and advisors	(587)	(1,041)
(g) other operating costs, including working capital	(1,915)	(4,217)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	342	646
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes refund received (paid)	-	(5)
1.7 Other (R&D Tax Incentive/EMDG)	40	40
Net operating cash flows	(2,216)	(3,945)

Quarterly Report (4C Statement) for Quarter ended 31 December 2015

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(2,216)	(3,945)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(140)	(906)
(e) other non-current assets	(116)	(133)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	23
(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	(256)	(1,016)
1.14 Total operating and investing cash flows	(2,472)	(4,961)
Cash flows related to financing activities		
1.15 Proceeds from issue of shares and exercise of options	-	-
1.16 Net proceeds from issue of convertible note	-	-
1.17 Proceeds from borrowings	-	2,048
1.18 Repayment of borrowings	(93)	(133)
1.19 Interest paid	(25)	(25)
1.20 Share issue costs	-	-
Net financing cash flows	(118)	1,890
Net increase (decrease) in cash held	(2,590)	(3,071)
1.21 Cash at beginning of quarter/year to date	45,468	45,724
1.22 Exchange rate adjustments to item 1.21	(250)	(25)
1.23 Cash at end of quarter	42,628	42,628

Quarterly Report (4C Statement) for Quarter ended 31 December 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	661
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	2,065	1,933
3.2	Credit standby arrangements	50	11
3.3	Guarantee facilities	475	461

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Quarterly Report (4C Statement) for Quarter ended 31 December 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	7,367	4,469
4.2 Deposits at call	1,261	2,999
4.3 Bank overdraft	-	-
4.4 Term deposits	34,000	38,000
Total: cash at end of quarter (item 1.23)	42,628	45,468

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

- 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.
- This statement does ~~/does not~~* (delete one) give a true and fair view of the matters disclosed.

Sign here:



Date: 29 January 2016

Print name:

Michael Kavanagh
CEO/Managing Director

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