



ACN 010 126 708

ASX Release
27th October 2016

SEPTEMBER QUARTER 2016 BUSINESS UPDATE

(Accompanying APPENDIX 4C)

Adelaide, 27th October, 2016: Reproductive Health Science Limited (ASX: RHS) (“RHS” or the “Company”) announces its third quarter cash flow report for the quarter ending 30th September 2016 with a business update.

Highlights

- Cash on hand at 30th September 2016 was \$0.88 Million.
- Net operating cash outflows for the quarter totalled (\$173K).
- During the quarter, the Company:
 - Received cash revenue of \$15K, which was below expectation principally due to delays in Pre-implantation Genetic Screening (“PGS”) service provision; further invoicing for \$5k has been received in October.
 - Received \$278K for the 2015 Research & Development Tax Incentive.
 - Completed a placement of 7,000,000 shares at \$0.075 per share, to raise \$525,000 before capital raise costs.
 - Completed a fully underwritten rights issue. The offer closed on the 29th September 2016, with funds of \$990,077 before costs received in October 2016.
 - Continued to control operating costs closely during this commercialisation stage of operations. Gross operating cash outflows for the quarter were (\$468K), consistent with year to date (\$1,393K).
 - Presented a scientific paper at the largest IVF (In vitro fertilisation) industry conference, European Society of Human Reproduction and Embryology (“ESHRE”) in Helsinki on 3rd - 6th July, attended by 9,600 delegates from around the world.
 - At ESHRE, RHS released a report on the validation of EmbryoCollect™ using euploid and aneuploid single cell and 5-10 cell aliquots. This study is the most comprehensive of its type published and demonstrates the high degree of accuracy of this RHS product. The report is available on the RHS website (www.rhsc.com.au).
 - Also at ESHRE, the Company soft-launched its second product, DOPlify™. This was followed by a launch event for key Australian research groups on the 23rd August. DOPlify™ captures RHS’ exclusive know-how for the lysis and whole genome amplification of a single or small number of cells providing a solution for multiplying the limited DNA in a single cell for a range of downstream applications.
 - With the launch of DOPlify™, RHS has expanded its PGS services to include the option of requesting testing using the EmbryoCollect™ microarray or Next Generation Sequencing (“NGS”) using DOPlify™. RHS is broadening its Australian customer base with this expanded offering and importantly, offering these two products together allows RHS to efficiently screen an embryo for changes in chromosome number and

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at the same time detect the presence of smaller genetic changes or the inheritance of a genetic disease of interest, known as Pre-implantation Genetic Diagnosis (“PGD”).

- Since the launch of DOPlify™ in late August, RHS has delivered web-based training courses on the kit to 36 attendees across four countries. These training courses are an effective and low cost avenue to teach the kit protocols, receive immediate feedback from target customers and develop market awareness for DOPlify™. There have already been subsequent low volume sales.
- Corporate presentations were delivered at the Bioshares Biotech Summit in Queenstown, New Zealand 29th - 30th July 2016 and at the Australia Biotech Invest in Melbourne 26th - 27th October 2016.

Subsequent to 30 September 2016;

- Flinders Fertility has announced a re-location to the Thebarton TechInSA biohub, collocating with RHS. The Flinders Fertility press release stated that the move was 6 months in the making and that clinical services are to begin at the new site on the 21st November 2016. RHS will provide Flinders Fertility with the full suite of PGS services, including PGD where clinically indicated, on request and the Company looks forward to working with the clinical team.
- RHS has recently expanded its testing service to another Australian IVF provider and the Company is carefully assessing requests to establish interstate PGS services.
- RHS exhibited at the American Society for Reproductive Medicine (“ASRM”) in Salt Lake City, Utah on 15th to 19th October 2016. This provided an important opportunity for RHS to advance its USA marketing strategy and release data on its positive benchmarking results comparing DOPlify™ against competing WGA kits.
- The Company has commenced reciprocal evaluations with significant overseas companies in NGS to explore the capabilities of DOPlify™ as a part of a range of single cell NGS workflows. DOPlify™ is also being assessed as a way to expand the capabilities of some existing multi-cell analysis products from these companies to provide them with a mechanism to enter the growing single cell market.
- RHS continues to hold technical and commercial discussions with select overseas clinical groups on the establishment of regional PGS capabilities using RHS products.

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About Reproductive Health Science

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. EmbryoCollect™ is the Company’s lead product 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 has launched its second product, DOPlify™ for whole genome amplification of single or small numbers of cells in 2016. DOPlify™ is applicable to the global Next Generation Sequencing market.

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

REPRODUCTIVE HEALTH SCIENCE LIMITED

ABN

84 010 126 708

Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	15	39
1.2 Payments for		
(a) research and development	(12)	(52)
(b) product manufacturing and operating costs	(6)	(77)
(c) advertising and marketing	(13)	(20)
(d) leased assets	(25)	(91)
(e) staff costs	(261)	(744)
(f) administration and corporate costs	(149)	(402)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	15
1.5 Interest and other costs of finance paid	(2)	(7)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	278	342
1.8 Other (provide details if material)	-	8
1.9 Net cash from / (used in) operating activities	(173)	(989)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(50)	(50)
(b) businesses (see item 10)	-	-
(c) investments	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(d) intellectual property	(40)	(65)
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	1
	(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	(90)	(114)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	525	525
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	(14)	(14)
3.5	Proceeds from borrowings	42	42
3.6	Repayment of borrowings	(7)	(24)
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	546	529

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	598	1,455
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(173)	(989)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(90)	(114)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	546	529

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	881	881

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	465	68
5.2	Call deposits	416	530
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)	881	598

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**

94

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**

-

-

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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	175	175
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 loan facility is equipment financing through NAB at 5.24% (secured over the equipment).

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(30)
9.2 Product manufacturing and operating costs	(35)
9.3 Advertising and marketing	(11)
9.4 Leased assets	(29)
9.5 Staff costs	(270)
9.6 Administration and corporate costs	(117)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(492)

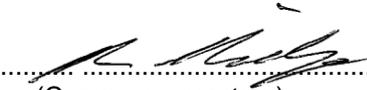
Subsequent to 30 September the Company has received \$990,077 before capital raising costs from a fully underwritten rights issue (refer ASX announcement 5 October 2016).

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	-	-

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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:..... Date: ...27 October 2016.....
(Company secretary)

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.

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