



29 April 2014

Company Announcements Office
Australian Securities Exchange

Nanosonics (ASX:NAN) reports strong third quarter result

HIGHLIGHTS

- **Third quarter sales revenue up 24% on prior corresponding period to \$5.220 million**
- **FY14 year to date sales revenue up 73% on prior corresponding period to \$14.9 million – already equalling full FY13 sales revenue (\$14.9 million)**
- **Momentum continuing to build in North America with 44% increase in number of healthcare facilities adopting trophon[®] EPR in last six months to 1,415**
- **Distribution agreement signed in March with Germany's largest disinfection and sterilisation group - Miele Professional**
- **R&D Tax Incentive of \$1.516 million received in March**
- **Strong balance sheet with cash reserve of \$23.762 million**

Nanosonics (ASX:NAN), a leader in infection control solutions, today released its Appendix 4C Quarterly Consolidated statement of cash flows for the quarter ended 31 March 2014.

Sales for the quarter ended 31 March, 2014 were \$5.220 million, up 24% on the prior corresponding period (\$4.207 million). Year to date sales of \$14.9 million are up 73% on prior corresponding period and equal to the entire FY13 with another quarter remaining in FY14.

Cash at the end of the quarter totalled \$23.762 million. This cash balance includes \$1.516 million Tax Incentive received in March relating to FY13 R&D expenditure.

"Our third quarter result continues to demonstrate strong growth momentum as we implement our Strategic Growth Agenda globally," said Michael Kavanagh, Nanosonics Chief Executive Officer and President.

In North America, the number of healthcare facilities adopting *trophon[®] EPR* has grown 44% over the last six months to 1,415. Each of these facilities present multiple trophon[®] EPR opportunities both within and across departments. In addition, Nanosonics is continuing its market expansion efforts and growing the overall number of healthcare facilities adopting its technology.

In Europe, Nanosonics is continuing to execute its market introduction strategy. As announced last month Nanosonics has signed a distribution agreement for Germany with Miele Professional, the largest provider of disinfection and sterilisation equipment in the German Market. Miele launched the *trophon[®] EPR* at the DGKH congress (German Society of Hospital Hygiene) in late March.

"It is certainly a testimony to the benefits of our technology and capabilities that Nanosonics is now partnering with three global leading brands, GE, Toshiba and Miele," said Mr Kavanagh.

In the UK *trophon*[®] EPR continues to gain traction with over 11 hospitals introducing multiple units and two of the top five hospitals currently trialling the device. *trophon*[®] EPR was also recently included on the UK NHS supply chain list. Guideline reviews for ultrasound probe decontamination / reprocessing by the various Health Boards continue.

Solid progress is also being made in our R&D program with some significant applications leveraging our core platform technology being investigated.

“FY14 is certainly shaping up to be a year of significant achievement for Nanosonics. The fundamentals for the business continue to strengthen with growing awareness of the risk of imaging related Healthcare Acquired Infections, trends towards stricter controls and clinical evidence for *trophon*[®] EPR continuing to build globally,” Mr Kavanagh concluded.

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 Tuesday 29 April 2014**. To access the call please use the following details:

Conference ID: 469043

Australian Participant Dial-in Numbers

Toll: +61 2 9007 3187 (can be used if dialing from international location)

Toll Free: 1800 558 698

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 200 659
Canada	1855 8811 339
Hong Kong	800 966 806
India	0008 0010 08443
Japan	0053 116 1281
Singapore	800 101 2785
United Kingdom	0800 051 8245
United States	1855 8811 339

An archive of the conference call will be available at <http://www.openbriefing.com/OB/1397.aspx> and on the company's website www.nanosonics.com.au

Michael Kavanagh
CEO / President

For more information please contact:

Michael Kavanagh, CEO / President or McGregor Grant, CFO, on (02) 8063 1600
Rebecca Wilson, 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. In parallel with the commercialisation of this product, Nanosonics is also developing other medical applications and exploring opportunities for its proprietary technology in other industries. 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 March 2014

Consolidated statement of cash flows

Cash flows related to operating activities

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers	7,535	19,906
1.2 Payments for		
(a) staff costs	(2,836)	(7,714)
(b) operating expenses	(501)	(1,498)
(c) business development cost	(248)	(813)
(d) external consultants	(346)	(1,249)
(e) other, including working capital	(2,998)	(10,732)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	100	461
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes refund received (paid)	(2)	(6)
1.7 Other (R&D Tax Incentive/EMDG)	1,516	1,576
Net operating cash flows	2,220	(69)

Quarterly Report (4C Statement) for Quarter ended 31 March 2014

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	2,220	(69)
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	-	(339)
(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	-	(339)
1.14 Total operating and investing cash flows	2,220	(408)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares	-	329
1.16 Net proceeds from issue of convertible note	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	(1)	(4)
1.19 Dividends paid	-	-
1.20 Capital raising costs recovered	-	-
Net financing cash flows	(1)	325
Net increase (decrease) in cash held	2,219	(83)
1.21 Cash at beginning of quarter/year to date	21,652	24,064
1.22 Exchange rate adjustments to item 1.21	(109)	(219)
1.23 Cash at end of quarter	23,762	23,762

Quarterly Report (4C Statement) for Quarter ended 31 March 2014

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	(235)
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 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	106	51
3.2	Credit standby arrangements	150	6

Quarterly Report (4C Statement) for Quarter ended 31 March 2014

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	6,401	2,461
4.2 Deposits at call	330	160
4.3 Bank overdraft	-	-
4.4 Term Deposits	17,031	19,031
4.5 Floating Rate Notes	-	-
4.6 Fixed Rate Notes	-	-
Total: cash at end of quarter (item 1.23)	23,762	21,652


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:
Print name:


Michael Kavanagh
CEO/Managing Director

Date: 29 April 2014