Nanosonics Limited (ASX:NAN)
Investor Presentation
7 December 2009

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Contents

Executive Summary

- Nanosonics is seeking to raise A$12 million via an underwritten placement
- Funds will be applied to:
  - support the rapid acceleration of growth both in terms of production and marketing support to drive the launch product (Trophon ultrasound probe re-processor) in order to meet potential market demand;
  - fund, develop and manufacture new products in-house in order to maximise shareholder value through ownership of the complete value chain. The Company has validated significant additional business opportunities in the healthcare market which leverage the existing IP portfolio. These include single lumen endoscope reprocessing and bed disinfection products, as well as environmental hard surface decontamination and scientific laboratory decontamination; and
  - relocate to larger premises which will support the expansion of the manufacturing capacity of the Trophon EPR from 2,000 units on a single shift to approximately 10,000 units. Nanosonics anticipates that it will manufacture future products in the same site

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Acceleration of Trophon Sales

Region	Indicators of increased demand	Estimated market potential
ANZ	• High level disinfection ("HLD") recommended between patients by the Australian Government • Professional bodies support guidelines • In principle agreement to purchase 200+ units from a national account (estimated 10% market penetration)	• A$40 million • 2,000 Trophon units
France	• National move banning glutaraldehydes with requirement for HLD • Conversations underway with key opinion leaders to establish Europe wide ISO standards for disinfection of ultrasound probes	• A$100 million • 7,000 Trophon units
England	• Current concerns around infection control • Standards driving the increased awareness of automated procedures • Nanosonics has commenced discussions with the National Imaging Body to develop nationwide standards for ultrasound probe reprocessing	• A$70 million • 5,000 Trophon units
North America	• Centre for Disease Control (CDC) recommends the use of hydrogen peroxide for HLD of intracavity probes • Indications of strong demand from potential distributors	• A$500 million • >20,000 Trophon units
ROW	• Japan & Asia represent significant opportunities for growth	• A$400 million (Japan)

Accelerated product development

- Nanosonics will accelerate the internal development of a suite of new products whilst maintaining total control of the value chain
- This will increase shareholder returns via:
  - owning and controlling all IP related to new products;
  - determining its own business priorities and adding value to the product based upon market feedback;
  - owning the complete value chain from development through to manufacturing, which will allow superior returns for each product manifestation; and
  - producing fully validated and commercially available assets for sale
- By controlling the complete product value chain the Company will be in a position to maximise distribution agreements with potential business partners who will pay a premium for fully approved revenue producing sales opportunities

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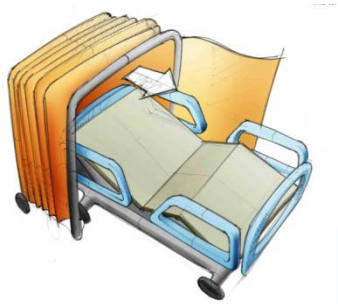
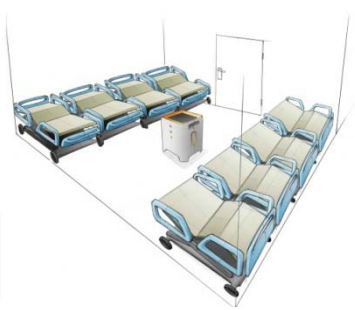
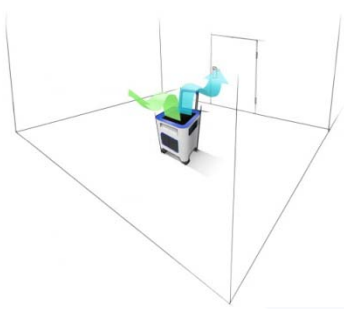
Accelerated product development

Leveraging current platform technologies into a leadership position in low temperature point of care disinfection


Trophon Platform
• Trophon EPR (ultrasound probe disinfection) • Single lumen probe disinfection • TEE probe disinfection • Rigid endoscope disinfection • Significant market potential

Xonar Platform
• Bed decontamination • Room / surface decontamination • Scientific laboratory decontamination • Significant market potential

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1. Introduction to Nanosonics

Introduction

- Nanosonics Limited (ASX: NAN) owns intellectual property relating to unique disinfection and sterilisation technologies which have application in a variety of markets
- Launch product “Trophon” will revolutionise the processes for disinfection of ultrasound probes – NAN has developed the first “point-of-care” commercial automated ultrasound disinfector
- Controlled roll-out of Trophon in Australia, New Zealand and France successfully completed allowing NAN to pursue global commercialisation
- NAN is raising capital via a A$12 million placement to institutional investors and a share purchase plan
- Proceeds from the fund raising will be used to:
  - accelerate the global commercialisation of Trophon; and
  - bring to market a suite of products with significant commercial opportunity that leverage the core technology platform

Our vision: Commercialising innovative solutions to global challenges

"At Nanosonics our goal is to safeguard the health and wellbeing of individuals, communities and environments by commercialising a stream of breakthrough disinfection and sterilisation technologies"

Our people

Board

Ron Weinberger | David Fisher | Maurie Stang | David Slack | David Radford

David Radford

CEO

Leadership team

Arjang Safa
Manufacturing &Supply Chain

Chris Grundy
CFO & Company Secretary

Kirste Jarvis
HR Manager

Jianhe Chen
QA Manager

Ron Weinberger
GM Innovation & Technology

Financials

Category	Date	Amount
Total shares on issue	@ 4-Dec-09	196.5 million
Share price	@ 4-Dec-09	A$0.625
Market capitalisation	@ 4-Dec-09	A$122.8 million
Cash on hand*	@ 30-Sep-09	A$12.1 million
Cash burn / month	@ 30-Sep-09	A$0.6 million
First Revenue	Q4-FY09	

* Nanosonics is debt-free and has expensed the majority of its R&D to date.

2. Trophon – a breakthrough product

Overview

The Product

- Specifically designed to disinfect ultrasound transducers
- Meets current market needs of the medical community, regulators and OEMs
- Based on Nanosonics' NanoNebulant platform technology

The Opportunity

- Current disinfection practices are known to be unacceptable
- Nosocomial infections are costing Australia A$1.0 billion p.a.
- Materials compatibility problems with current technologies
- OH&S issues with current use of toxic chemicals

Ultrasound market attractiveness

- Highly regulated
- ~450 million ultrasound procedures and 160 million intracavity procedures per annum, CAGR 5% projected to continue to 2014

Competitors

- No alternative automated point of care solution available
- Current methods manual in nature, lack quality control & effectiveness

Global Market potential

- **>A$1.5 billion**

The healthcare revolution to point of care

- Aging population
- Increased elective surgeries
- New technologies

→ Minimally invasive procedures

Drives rapid turnaround of disinfection/ sterilisation ←

- Productivity
- Patient throughput

Point of care Low Temp Sterilisation

- Ease of use
- Point of care
- Materials compatibility
- Rapid
- Quality Assurance

NANOSONICS IS THE EMERGING GLOBAL LEADER IN LOW TEMPERATURE 'POINT OF CARE' SOLUTIONS

trophon

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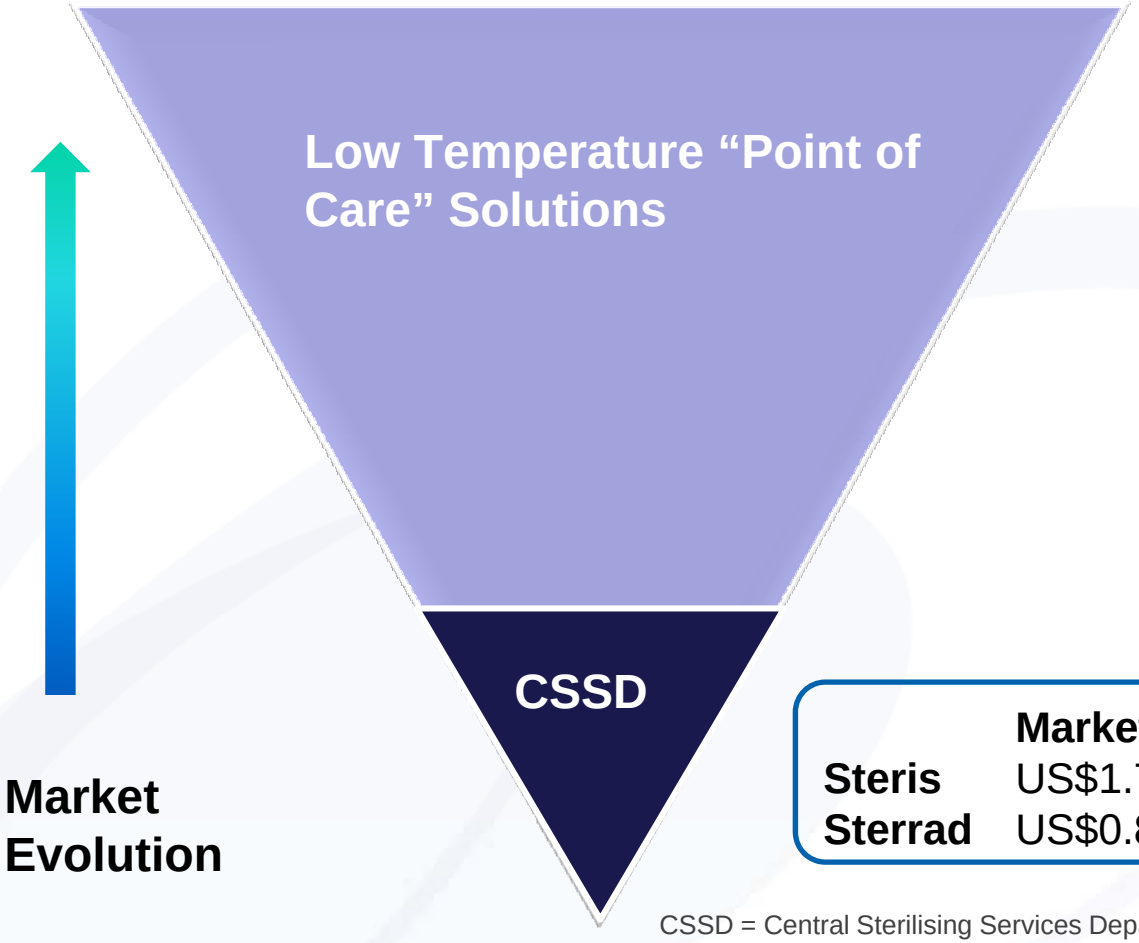
Market opportunity



	Marketcap	Revenue
Steris	US$1.7B	~US$ 1.3B
Sterrad	US$0.8B	~US$ 500M

CSSD = Central Sterilising Services Department

Market opportunity-Trophon

Annual procedures

Region	Radiology intracavity	O&G intracavity	Other targeted	Total targeted market	Total available market	Commercial update
ANZ	0.5M	1M	0.2M	1.7M	5.8M	Controlled roll-out completed
Western Europe	7M	16M	3M	26M	70M	Roll out underway
Canada	0.4M	0.9M	0.2M	1.5M	3.6M	Under negotiation
US	7M	11M	9M	27M	87M	Under negotiation Distributor identified
Asia	8.2M	17M	22M	47.2M	215M	Negotiations underway
Japan	3.4M	13M	12M	28.4M	76M	Distributor identified
Total World Market	29.9M	71.9M	58.4M	160.2M	457.4M	

Source: Frost & Sullivan
Market insights into the Global Ultrasound Market
September 2006

Competitive advantage

The only point of care, low temperature, automated ultrasound reprocessor available globally

Customer benefits:

- New standard in high level disinfection
- Short operating time
  - Process time only 7 minutes
  - Improve workflow→more patients
- Outstanding materials compatibility
- No operator and patient exposure to harmful chemicals
  - Alternative solutions dependent on Toxic chemicals
- Environmentally friendly solution
  - No post-processing, only by-products water and oxygen

Regulatory environment

Region	Guidelines driving demand	Regulatory approval status
ANZ	• HLD recommended between patients by the Australian Government • Professional bodies support guidelines	• TGA approval granted February 2009 • TGA audit August 2009
Canada	• Highly regulated and recommends HLD between patients	• Health Canada approval received in September 2008
Europe	• France & Poland: National move banning glutaraldehydes with requirement for HLD • UK: New standards for ultrasound probes under development & driven by high focus on MRSA and C.diff	• CE Mark approval granted April 2008 • TUV audit September 2009
Japan		• Japan Ministry of Health submission targeted mid 2010 • Leveraging the US FDA submission
US	• Centre for Disease Control (CDC) recommends the use of hydrogen peroxide for high-level disinfection of intracavity probes	• US FDA 510(k) application submitted May 2009 • Submission on track with internal expectations of the process

End user endorsement of Trophon EPR

"The Trophon EPR will make the task of disinfecting ultrasound transducers significantly faster, safer and more convenient and it is easily integrated into current medical practices and procedures"

Dr Michael Cooper, Head of Gynaecology at Royal Prince Alfred Hospital, NSW

"The Trophon greatly improves our workflow."

Mr David Singe, Radiographer , Maryborough Hospital, Victoria

"It is a well-known problem that sonographic transducers can become contaminated with pathogenic agents like MRSA, HBV, HCV, HIV or Herpes viruses, and turn into a source of infection that is not to be underrated. For this reason, correct handling as well as cleaning and disinfection of the transducers are indispensable."

Professor E. Merz, Director Gynaecological Hospital, Krankenhaus Nordwest, Frankfurt/M. (Germany)

Sales and distribution

Revenue model

- Initial device sale
- Annuity income via consumables

Distribution channels

- Dual channel distribution strategy in place
  - Primary channel comprises dedicated ultrasound distributors with recognised expertise in the ultrasound market (appointed in 14 European countries and ANZ); and
  - OEMs granted full access across all regions
- Attractive margins guaranteeing distributor focus for Trophon EPR and associated NanoNebulant consumables

Roll-out – ready to accelerate

Controlled roll-out successfully completed

- Initial 6 month controlled roll-out of Trophon EPR to Australia, New Zealand and France successfully completed:
  - allowed field experience prior to rapid expansion;
  - pricing and marketing pitch validated and confirmed;
  - service and support model developed; and
  - quality management system supporting roll-out

Nanosonics is now ready to accelerate the Trophon EPR roll-out

- Expanding manufacturing and testing capacity (relocation to new premises in CY10)
- International sales, marketing and support / training resources
- US marketing and service infrastructure

Production and testing capacity

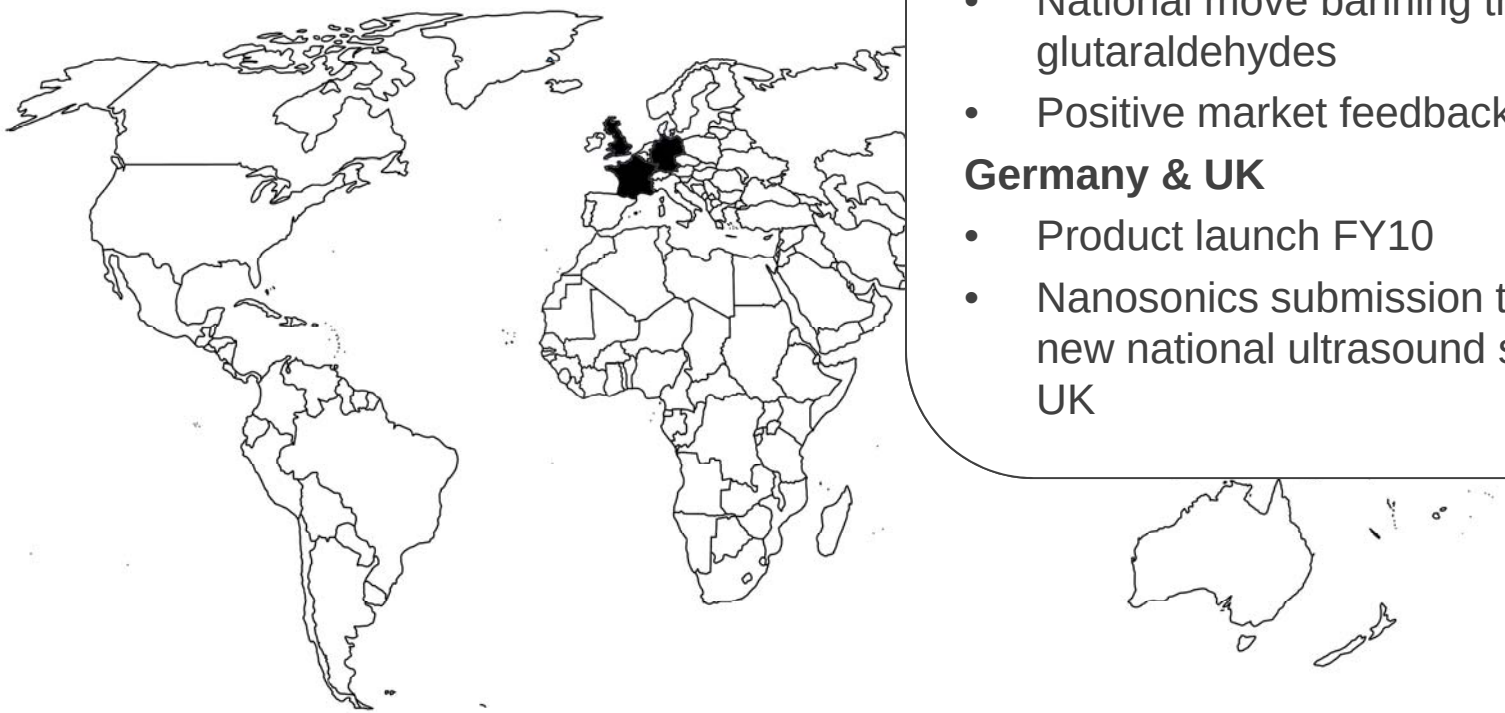
- Current facilities have potential production capacity of 2,000 devices per annum/shift
- Currently producing at an annualised rate of ~1,600 devices per annum
- Short term move to increase capacity to 8,000 devices per annum, with a targeted move to custom site in 2010 bringing further increased capacity & testing capabilities.
- Mission critical tooling and parts are owned by Nanosonics
- NanoNebulant production in 2 global locations-risk mitigation enabling flexibility in meeting supply and demand

Roll-out highlights

Australia & New Zealand

- Product launched
- Estimated market opportunity A$40 million
- Strong regulatory support
- In principle agreement for 200 unit order in Australia - standardisation on Trophon
- Customer re-orders

Roll-out highlights



Europe

- Estimated market opportunity A$420 million

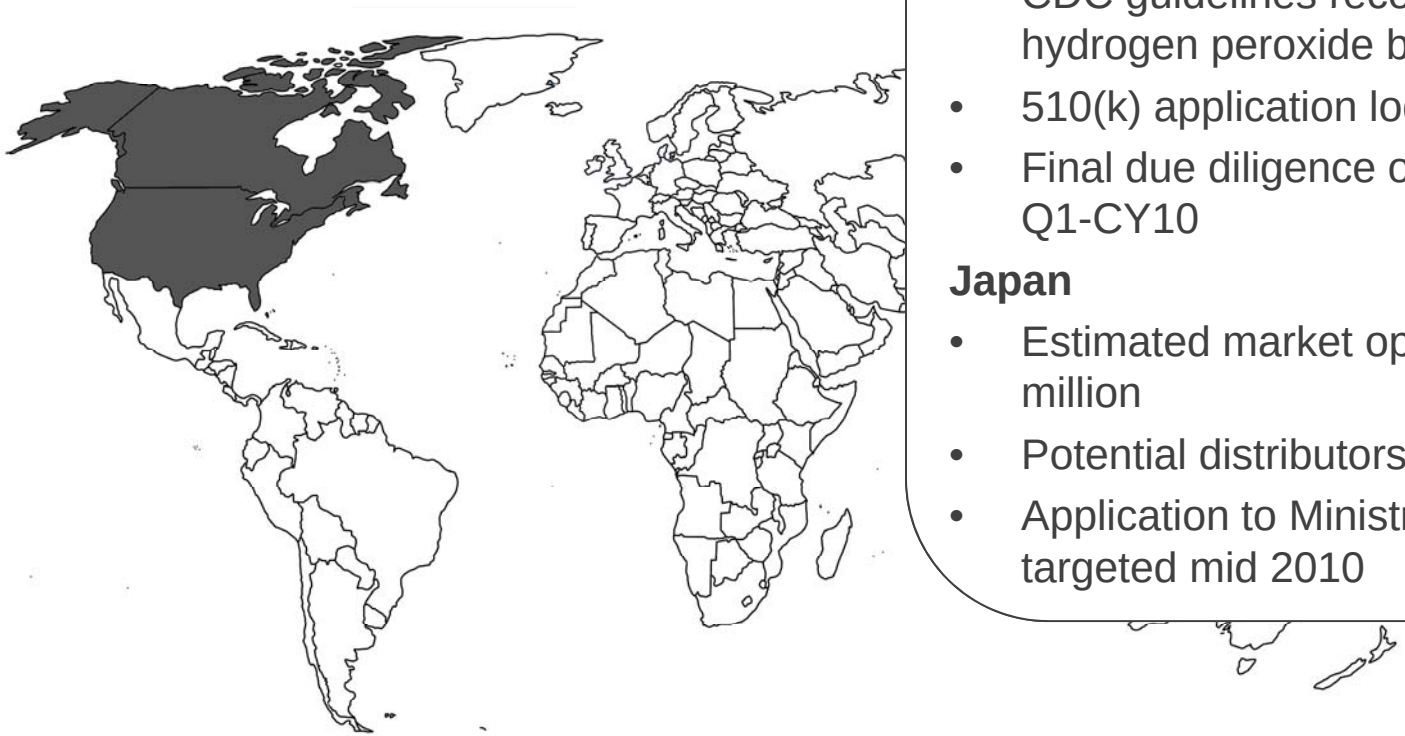
France

- National move banning the use of glutaraldehydes
- Positive market feedback

Germany & UK

- Product launch FY10
- Nanosonics submission to establish new national ultrasound standards in UK

Roll-out highlights



US & Canada

- Estimated market opportunity A$500 million
- CDC guidelines recommending use of hydrogen peroxide based product
- 510(k) application lodged with US FDA
- Final due diligence on US distributor in Q1-CY10

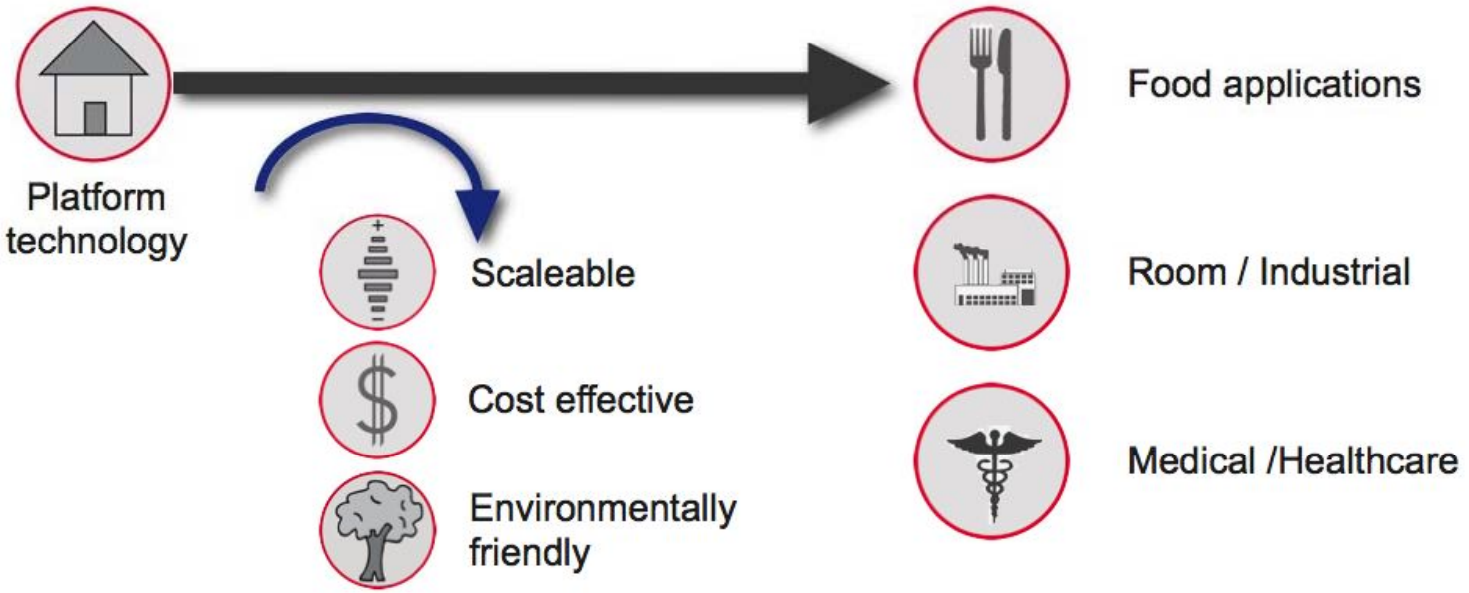
Japan

- Estimated market opportunity A$400 million
- Potential distributors identified
- Application to Ministry of Health targeted mid 2010

3. Product Development Opportunities

Product development opportunities

Nanosonics' platform technologies are transferable and highly scalable to other applications



4. Anticipated news flow

Anticipated news flow

Near term catalysts ahead…

- European and ANZ sales updates
- Appointment of US distributor
- First sales into new European countries
- Establishment of US office
- FDA approval and first US sales
- Move to new premises in Australia to support growth
- Application to Japanese Ministry of Health

5. Key risks

Key risks

- Regulation
  - securing US FDA approval
  - securing Japanese Ministry of Health approval
- Technology
  - competitive threat of new or competing technologies
- Intellectual property
  - ability to protect IP
- Product liability
  - liability risks are inherent in research and development activities and use as a medical device

6. Capital raising

Offer Summary

Offer Details	
Institutional Placement	• A$12.0 million, fully underwritten
Issue Price	• A$0.55 per share
Offer Structure	• Placement of ~21.8 million shares (~11.1% of issued capital) • New shares will rank equally with existing shares
Pricing Discounts	• 12.0% to last close (A$0.625 – Friday, 4 December 2009) • 11.6% to 5-day VWAP (A$0.622 – up to Friday, 4 December 2009)
Share Purchase Plan	• Retail investors will be offered participation in a Share Purchase Plan at A$0.55 per share • NAN reserves the right to cap the allocations under the SPP • Eligible shareholders in Australia and New Zealand have an opportunity to subscribe for up to $5,000 worth of NAN shares per shareholder (subject to scale back) • Further details on the SPP will be provided to shareholders in due course
Lead Manager & Underwriter	• Wilson HTM Corporate Finance

Use of Funds

- The funds raised will support the following key initiatives:
  - the rapid expansion and global commercialisation of Trophon through increased investment in international sales, marketing and support / training resources
  - acceleration of a suite of new products with significant commercial opportunity that leverage the core technology platform
    - combined market opportunity in excess of A$0.8 billion per annum for first 2 projects
  - new premises to support growth, R&D, internal manufacturing and initial scale up of new technologies in house
    - internal manufacturing capacity of 10,000 units of Trophon
    - initial scale up of new products in-house
  - funding additional working capital to support growth objectives.

Indicative Timetable

Placement key dates	
Announcement of capital raising	Monday, 7 December 2009
Books close	Monday, 7 December 2009 – 4.00pm
Confirmation of Allocations and Registration Details ("CARD") form returned	Tuesday, 8 December 2009 – 9.00am
Announcement of completion of Institutional Placement and lift trading halt	Tuesday, 8 December 2009 – 10.00am
Settlement of Institutional Placement shares	Friday, 11 December 2009
Allotment and trading of Institutional Placement shares on ASX	Monday, 14 December 2009

SPP key dates	
Record date for determining entitlement to SPP	Wednesday, 9 December 2009
SPP offer dispatched to eligible shareholders	Monday, 14 December 2009
SPP offer opens	Tuesday, 15 December 2009
SPP offer closes	Friday, 15 January 2010
Allotment of SPP shares	Thursday, 21 January 2010
Dispatch of holding statements	Monday, 18 January 2010

Note: Dates and times subject to change. Times refer to AEST.

7. Investment highlights

Investment Highlights

Global regulatory environment driving demand	• Global revolution occurring to point of care, low temperature, high-level disinfection • Regulators and industry body guidelines are supporting demand
Commercial acceptance of Trophon	• Controlled roll-out now completed, which has validated the technology and business model • Product supported by distributors, end users and OEM's
Attractive business model	• Revenue derived from up-front device sale, with ongoing "annuity" revenue from consumables
Competitive advantage in core technology	• Core technology provides many advantages over legacy technology including: safety, efficacy, speed, environmentally friendly
Technical risk reduced	• Significant testing and controlled roll-out successfully completed • Regulatory risks have reduced, given: – TGA approval received – CE Mark received – Health Canada marketing approval received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