

Rhythm Biosciences June 2018 Appendix 4C

Rhythm Biosciences (“Rhythm” or the “Company” ASX: RHY), today announces its fourth quarter results, which show the company is in a sound position to further its lead product ColoSTAT™.

ColoSTAT™ is an innovative non-invasive blood test for the early detection and prevention of colorectal cancer, augmenting existing tools such as faecal immunochemical tests and colonoscopies.

A major early focus for the company has been the technology itself, developing our own reagents (antibodies and proteins) to provide the company with control over the supply, quality and cost of its screening tests.

Pursuit of patent grant in our key target jurisdictions and developing our Quality Systems, to facilitate our drive to compliance with ISO134585 by the end of this calendar year, have been areas of growing focus for our young company. The company has also been paving the way for expansion from R&D, technology transfer and clinical substantiation to the initiation of commercialisation, marketing and sales activities.

To these ends, significant recent milestones and achievements for Rhythm have included:

- Respected early technology investor Merchant Group’s Merchant Opportunities Fund became a substantial shareholder in June with a 7% stake in the company.
- Registration of our granted European patent in 13 target EU countries has been confirmed adding to the patents already granted in Australia, China and Japan.
- Strengthening of Rhythm’s management team particularly in the areas of commercialisation and business development with the appointment of Glenn Gilbert, as COO; and Dr Joanne Boag, as General Manager, Commercial.
- Achieving a critical milestone in our key reagents program - the development of cell lines that make monoclonal antibodies detecting a lead biomarker of the ColoSTAT™ test.

Looking forward, by the end of September we expect to complete detailed characterisation of the monoclonal antibodies produced by the cell lines noted above. By late November, we expect to have in hand the reagents for the lead biomarker panel that will form the basis of the ColoSTAT™ test kit, as well as materials that will underpin their long-term production and manufacture.

In late 2018 we expect to initiate a study (called “Study 6”) that will provide a preliminary indication of the clinical performance of our test kits in blood samples from disease-positive and disease-free individuals.

We then intend to carry out a blinded 1000-patient clinical trial to assess the clinical performance of the ColoSTAT™ test in samples collected prospectively from patients referred for colonoscopies at a limited number of clinics. This will provide the keystone data that will underpin our applications for a CE mark in Europe and registration on the TGA’s list of Therapeutic Goods in Australia planned for submission late in 2019.

We are indebted to our CSIRO R&D collaborators and the entire Rhythm team for their focus and attention to detail as we approach completion of our key reagents and cell bank development programs. This work is an essential precursor to product manufacture in the longer term.

There is much going on behind the scenes at Rhythm and we look forward to further updating investors on our progress.

For further information, please contact:

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CHAIRMAN
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About Rhythm Biosciences

Rhythm Biosciences is developing and commercialising Australian medical diagnostics technology for sale across national and international markets.

Rhythm's lead product, ColoSTAT™, is intended to provide the accurate and early detection of colorectal cancer, acting as either a 'first-step' screening test or within the triage of persons with a positive faecal immunochemical test (FIT) or colonoscopy. As well as being of value to those with risk factors associated with colorectal cancer, ColoSTAT™ provides an alternative for those who choose not to or are unable to be assessed using standard screening programs.

Being developed to be an affordable and effective diagnostic, ColoSTAT™ has the potential to play an important role in reducing morbidity, mortality and healthcare costs associated with colorectal cancer.

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

RHYTHM BIOSCIENCES LIMITED

ABN

59 619 459 335

Quarter ended ("current quarter")

30 JUNE 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	(282)	(710)
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(48)	(134)
(f) administration and corporate costs	(129)	(714)
1.3 Dividends received (see note 3)		
1.4 Interest received	50	51
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(409)	(1,507)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(5)	(9)
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(d) intellectual property		(311)
	(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 – long term deposit	(45)	(45)
2.6	Net cash from / (used in) investing activities	(50)	(365)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares		9,042
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		(885)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
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	-	8,157

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	8,239	1,495
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(409)	(1,507)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(50)	(365)
4.4	Net cash from / (used in) financing activities (item 3.10 above)		8,157

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of quarter	7,780	7,780

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	780	1,239
5.2	Call deposits	7,000	7,000
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)	7,780	8,239

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
84
0

Director fees and salaries.

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		
8.2 Credit standby arrangements	45	-
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.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	858
9.2 Product manufacturing and operating costs	103
9.3 Advertising and marketing	30
9.4 Leased assets	
9.5 Staff costs	379
9.6 Administration and corporate costs	286
9.7 Other (provide details if material)	145
9.8 Total estimated cash outflows	1,801

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:30 July 2018.....

Print name:Adrien Wing.....

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.