

ASX Release 31st July 2017

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Quarterly Update

ePAT: The world's first pain assessment app using artificial intelligence, now regulatory cleared*

Key Milestones achieved during the Quarter:

- IOS (Apple) Adult App development completed and validated for commercial use
- Clinical validation studies are accepted for publication in peer reviewed Alzheimer's Disease journal
- TGA and CE Mark Clearance received to market the ePAT App as a Class 1 Medical Device in Australia and Europe
- Agreement finalised with nViso for a perpetual, exclusive, global license to use nViso Artificial Intelligence (AI) technology for pain assessment in healthcare

This past quarter has seen the positive results of our efforts during this year. These key milestones, completed on time, provide the foundation for our future business as a global medical device company specializing in the field of pain assessment. The clinical need for better pain assessment methods is evident, the market potential is significant and we are a world first, leading edge technology with patent clearance.

The new agreement with nViso also secures our long-term future as a fully integrated company where we can control the full "value-chain" from research and development right through to global commercialization – without any restrictions or royalty payments.

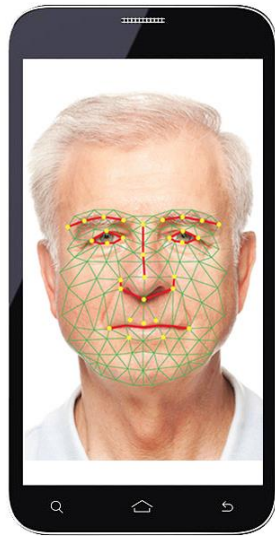
This is important for the company and even more important for our global customers who want to work with a company that has both the capability and security for the long term.

We can now move forward with our commercialization plans in Australia for the remainder of this year and Europe in 2018 while also ensuring other key projects such as FDA approval and the Kids App development continue in parallel. We will keep our shareholders updated as we progress along each milestone.

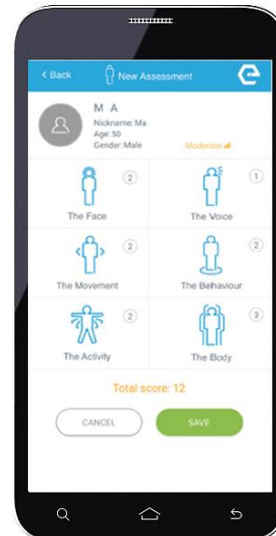
I want to take this opportunity to thank our shareholders for their support during this year. We have achieved a lot in a short period of time with limited resources – that is a reflection of ensuring we deliver on shareholder value. The board and management team will ensure this focus continues through the remainder of this year.

About ePAT:

ePAT's technology, a mobile application (ePAT App), uses cameras in smartphones and tablets to capture a brief video of the person, which is analysed in real time using facial recognition software to detect the presence of facial micro- expressions that are indicative of the presence of pain.



ePAT artificial intelligence assesses facial micro-expressions that are indicative of the presence of pain



The ePAT App six domains of pain assessment that calculates pain severity score

This data is then combined with other indicators of pain, such as vocalisations, behaviours and movements captured through the ePAT App to calculate a pain severity score. Due to its ease of use and its reproducibility, the ePAT App will be able to be used in the first instance to detect and measure a person's pain, and then further measurements can be used to monitor the effectiveness of pain management provided to the person.

The ePAT App will be rolled out globally in two phases: first, the ePAT App for Dementia for people who are unable to communicate effectively with their carers, and the second, the ePAT App for Children who have not yet learnt to speak.

*The ePAT App is a Class 1 Medical Device that has TGA (Australia) and CE mark (Europe Economic Area) regulatory clearance.

For further information, please contact:

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Appendix 4C

+Rule 4.7B

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

EPAT TECHNOLOGIES LIMITED

ABN

21146035127

Quarter ended ("current quarter")

30-06-17

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1.0 Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	(462)	(705)
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(39)	(365)
(f) administration and corporate costs	(158)	(766)
1.3 Dividends received (see note 3)		
1.4 Interest received	11	25
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives	0	53
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(648)	(1,758)
2.0 Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3)	(3)
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	0	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	(3)	(2)

3.0	Cash flows from financing activities		
3.1	Proceeds from issues of shares	0	4,733
3.2	Proceeds from issue of convertible notes	0	300
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options	0	(752)
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)	0	29
3.1	Net cash from / (used in) financing activities	0	4,310

4.0	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	3,280	80
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(648)	(1,758)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3)	(2)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	0	4,310
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of quarter	2,630	2,630

5.0	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	614	84
5.2	Call deposits	2,016	3,196
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)	2,630	3,280

6.0 Payments to directors of the entity and their associates**Current quarter
\$A'000**

6.1 Aggregate amount of payments to these parties included in item 1.2

96

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

7.0 Payments to related entities of the entity and their associates**Current quarter \$A'000**

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

8.0 Financing facilities available*Add notes as necessary for an understanding of the position*

8.1 Loan facilities

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.

Total facility amount at quarter end	Amount drawn at quarter end
\$A'000	\$A'000

9.0 Estimated cash outflows for next quarter**\$A'000**

9.1 Research and development

384

9.2 Product manufacturing and operating costs

9.3 Advertising and marketing

9.4 Leased assets

9.5 Staff costs

99

9.6 Administration and corporate costs

214

9.7 License acquisition

300

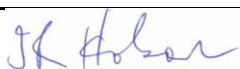
9.8 Total estimated cash outflows**997**

10.0	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: 31 July 2017

Print name:

Ian Hobson

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.