

Appendix 4C – September quarter

Cash Receipts

Cash receipts from customers for the September 2018 quarter were \$0.179 million.

Net Operating cash

Net operating cash showed an outflow of \$2.176 million. Included in these outflows was \$0.247m in relation to recruitment and relocation costs for staff in the Australian and US offices.

Gross Operating cash outflow

Gross operating cash outflows, after adjusting for the reported Government R&D grant inflow of \$1.113m were \$3.503 million.

December 2018 Quarter

Flamingo AI expects the December 2018 quarter gross operating cash outflow of \$2.860 million as referred to in Item 9 ('Estimated cash outflows for next quarter').

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

Flamingo AI Limited

ABN

99 000 031 292

Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	179	179
1.2 Payments for		
(a) research and development	(900)	(900)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(196)	(196)
(d) leased assets	-	-
(e) staff costs ¹	(1,298)	(1,298)
(f) administration and corporate costs	(1,073)	(1,073)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	35	35
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives - <i>R&D rebate received</i> ²	1,113	1,113
1.8 Other (provide details if material)	(36)	(36)
1.9 Net cash from / (used in) operating activities	(2,176)	(2,176)

¹ Includes outstanding PAYG payment of \$263k.

² Proceeds received from R&D rebate.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(17)	(17)
	(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	-	-
	(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 – cash on reverse takeover acquisition	-	-
2.6	Net cash from / (used in) investing activities	(17)	(17)

3.	Cash flows from financing activities		
3.1	Proceeds from issue of shares	-	-
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	-	-
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	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
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	11,403	11,403
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,176)	(2,176)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(17)	(17)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(19)	(19)
4.6	Cash and cash equivalents at end of quarter	9,191	9,191

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	9,191	11,403
5.2	Call deposits	-	-
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)	9,191	11,403

6. 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	(75)
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	

The aggregate amount of payments to directors and their associates during the quarter ended 30 September 2018 totalled to \$94,842. These payments relate to director fees and salary.

7. 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	(20)
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	

The aggregate amount of payments to related entities of the entity and their associates during the quarter ended 30 September 2018 totalled to \$20,059. These payments related to the legal services.

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	-	-
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.		

None

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(944)
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing, net of grants	(225)
9.4 Leased assets	-
9.5 Staff costs	(1,082)
9.6 Administration and corporate costs	(572)
9.7 Other (provide details if material) ³	(38)
9.8 Total estimated cash outflows	(2,860)

³ Mainly related to legal fee for IP.

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:Zane Lewis..... Date:22/10/2018.....
(Company secretary)

Print name:Zane Lewis.....

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.