

26 April 2016

Appendix 4C – Quarterly Cash Flow Report and Business Update

Highlights for the quarter ended 31 March 2016

- Receipts from customers US\$135,000
- Production transfer scheduled for end of year
- Cash outflow for the quarter was US\$4.47 million
- Cash balance as of 31 March 2016 US\$14.66 million
- FDA review in question and answer phase – approval targeted 4thQ CY2016

Palo Alto, CA, United States – AirXpanders Inc (ASX: AXP) a medical device company focused on the design, manufacture, sale and distribution of the AeroForm® tissue expander, today released its Appendix 4C – Quarterly Cashflow report for the quarter ended 31 March 2016.

The company reported cash receipts from customers of US\$135,000. The sales results reflect a decline in procedures in January due to the seasonality of the summer holiday in Australia, combined with the Company's restocking efforts following exceptional 4Q results posted by the sales team. There was a return to positive growth for the remainder of the quarter.

AirXpanders has now hired and trained a second shift at its current base of manufacturing in Palo Alto, California. This team will be critical to assist the Company in meeting its commercial demand as well as its clinical demand for its Continued Access Trial underway in the United States. The company is now generating repeat orders from every Australian state where it has representation and has trained over 70 plastic and oncological surgeons.

"We continue to make good progress in our target market of Australia so that we can take the learnings and apply them to our planned commercial launch in the United States which is the largest medical device market in the world," said Scott Dodson, President and CEO of AirXpanders. "Efforts are underway to identify top sales talent across the US so that the Company can get out to a fast start once it receives its clearance from the FDA."

Following the submission of the de novo filing in December 2015, the US Food and Drug Administration (FDA) has commenced its review of the dossier and has provided the company with a series of questions to be addressed. AirXpanders plans to submit a formal response to these queries by the end of May 2016. Upon receipt of this it is expected that the FDA will continue its review of the submission, including requests for further information or clarification of the information that the Company has provided. Based on this the company is working towards a decision from the FDA in the final quarter of 2016, with US commercialisation to commence shortly thereafter.

The company had a cash balance of US\$14.66 million as of 31 March 2016. Cash outflow during the quarter was US\$4.47 million, down 5% from US\$4.58 million in the previous quarter, as the company continues to progress its manufacturing transfer to Costa Rica which is scheduled to complete late 2016. Cash outflow will likely remain consistently around these levels until US market launch is underway.

Investor Conference Call – Wednesday 27 April 11:00am AEST

Investors are invited to join a conference call hosted by President and CEO Scott Dodson on **Wednesday 27 April 11:00am AEST (Tuesday 26 April 6:00pm PST)**

To access the call please use the dial in details below:

Conference ID: 292923

Conference Call Toll-Free Access Numbers

Australia Toll Free: 1 800 558 698

Alternate Australia Toll Free: 1 800 809 971

Australia Local:	02 9007 3187	New Zealand Toll Free:	0800 453 055
NZ Local (Auckland):	09 929 1687	NZ Local (Wellington):	04 974 7738
NZ Local (Christchurch):	03 974 2632	China Wide:	4001 200 659
Belgium:	0800 72 111	Canada:	1855 8811 339
France:	0800 913 848	Germany:	0800 182 7617
Hong Kong:	800 966 806	India:	0008 0010 08443
Indonesia:	001 803 019 3275	Ireland:	1800 948 625
Italy:	800 793 500	Japan:	0053 116 1281
Malaysia:	1800 816 294	Netherlands:	0800 020 0715
Norway:	800 69 950	Philippines:	1800 1110 1462
Singapore:	800 101 2785	South Korea:	00 798 142 063 275
Sweden:	020 791 959	South Africa:	0800 999 976
Switzerland:	0800 820 030	Taiwan:	008 0112 7397
Thailand:	001800 156 206 3275	UAE:	8000 3570 2705
United Kingdom:	0800 051 8245	United States:	(855) 881 1339
US Local (New York):	(914) 202 3258	US Local (Los Angeles):	(909) 235 4020
US Local (Chicago):	(815) 373 2080		

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Company	Investor relations
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About AirXpanders:

Founded in 2005, AirXpanders is a medical devices company focused on the design, manufacture, sale and distribution of its AeroForm® tissue expander used in patients undergoing breast reconstruction following mastectomy. It considers that its AeroForm® device is the best innovation in expander technology in 50 years. AeroForm® uses controlled delivery of small amounts of gas (CO2) to achieve tissue expansion prior to the placement of a permanent breast implant. AeroForm® successfully eliminates the need for needle-based expansion required for traditional saline tissue expanders and provides a faster, less painful and less stressful breast reconstruction journey. The Company has CE Mark and TGA approval for AeroForm® and is fully reimbursed under Australian private health plans with relevant coverage. To date, AeroForm® has been successfully implanted in over 400 patients worldwide. AirXpanders devices are not cleared or approved for use in the United States and are considered for investigational use only. AirXpanders is cleared for commercialization in Europe and in Australia. For more information, refer to the Company's website at www.airxpanders.com.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

AirXpanders Inc

ABN

28 604 398 423

Quarter ended ("current quarter")

31 March 2016

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter Q1 US\$'000	Year to date 3 months US\$'000
1.1	Receipts from customers	135	135
1.2	Payments for (a) staff costs	(1,882)	(1,882)
	(b) advertising and	(349)	(349)
	marketing		
	(c) research and	(288)	(288)
	development		
	(d) leased assets	0	0
	(e) other working capital	(1,405)	(1,405)
1.3	Dividends received	0	0
1.4	Interest and other items of a similar nature received	8	8
1.5	Interest and other costs of finance paid	(231)	(231)
1.6	Income taxes paid	0	0
1.7	Other (provide details if material)	0	0
	Net operating cash flows	(4,012)	(4,012)

		Current quarter Q1 US\$'000	Year to date 3 months US\$'000
1.8	Net operating cash flows (carried forward)	(4,012)	(4,012)
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	0	0
	(b) equity investments	0	0
	(c) intellectual property	0	0
	(d) physical non-current assets	(86)	(86)
	(e) other non-current assets	0	0
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	0	0
	(b) equity investments	0	0
	(c) intellectual property	0	0
	(d) physical non-current assets	0	0
	(e) other non-current assets	0	0
1.11	Loans to other entities	0	0
1.12	Loans repaid by other entities	0	0
1.13	Other (provide details if material)	0	0
	Net investing cash flows	(86)	(86)
1.14	Total operating and investing cash flows	(4,098)	(4,098)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	0	0
1.16	Proceeds from sale of forfeited shares	0	0
1.17	Proceeds from borrowings	0	0
1.18	Repayment of borrowings	(375)	(375)
1.19	Dividends paid	0	0
1.20	Other (provide details if material)	0	0
	Net financing cash flows	(375)	(375)
	Net increase (decrease) in cash held	(4,473)	(4,473)
1.21	Cash at beginning of quarter/year to date	19,138	19,138
1.22	Exchange rate adjustments to item 1.20		
1.23	Cash at end of quarter	14,665	14,665

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 US\$'000
1.24	Aggregate amount of payments to the parties included in item 1.2	113
1.25	Aggregate amount of loans to the parties included in item 1.11	0
1.26	Explanation necessary for an understanding of the transactions	
	Payments represent remuneration paid to Chairman of the Board and President & Chief Executive Officer	

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

N/A

- 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

Add notes as necessary for an understanding of the position.

		Amount available US \$'000	Amount used US \$'000
3.1	Loan facilities	0	2,125
3.2	Credit standby arrangements	0	0

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 US \$'000	Previous quarter US \$'000
4.1	Cash on hand and at bank	14,665	19,138
4.2	Deposits at call	0	0
4.3	Bank overdraft	0	0
4.4	Other (provide details)	0	0
Total: cash at end of quarter (item 1.23)		14,665	19,138

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	N/A	N/A
5.3	Consideration for acquisition or disposal	N/A	N/A
5.4	Total net assets	N/A	N/A
5.5	Nature of business	N/A	N/A

Compliance statement

- 1 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.
- 2 This statement does / give a true and fair view of the matters disclosed.

Sign here:  Date: 26 April 2016
 (Australian secretary)

Name: Brendan Case
 Name:

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.