

**A V E X A**

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ASX Release

APPENDIX 4C – QUARTERLY CASH FLOW REPORT – SEPTEMBER 2016

Melbourne, Australia, Friday 28th October 2016: Avexa Limited (ASX: AVX) lodges the attached Appendix 4C Quarterly Consolidated Statement of Cash Flows for the period ending 30 September 2016.

Quarter Highlights

- 1 for 1 Non-Renounceable Rights Issue raised \$2.2 million before costs
- The Company held cash reserves of \$1.97 million at 30 September 2016
- Net operating cash outflows for the September quarter were \$0.7 million
- Cost reduction program initiated with immediate results for FY17
- Mark Simari appointed as Non-Executive Director
- TALI Generation 0.1 entering pre-commercialisation product testing with selected clinics

December Quarter Plans

- Monash University is using TALI Generation 0.1 in a large school-based research trial involving approximately 120 children. This trial will help strengthen the evidence base of the TALI technology.
- TALI to partner with industry leading clinics throughout Australia to conduct pre-commercialisation product testing
- Ongoing product development – conduct a review and implementation plan for the R&D requirements as TALI progresses from Generation 0.1 to Generation 1.0 and full commerciality.
- Expected R&D rebate emanating from FY16 expenditure of \$0.3 million

About Avexa Limited

Avexa is a Melbourne-based medical technology company with a long history of innovation, development and commercialisation of medical treatments. Avexa's flagship program is the revolutionary and innovative TALI system, which uses cutting edge technology to treat and monitor cognitive problems such as attention difficulties in early childhood.

About TALI Health Pty Ltd (100% owned by Avexa)

TALI Health has the exclusive global license to the TALI Technology together with the option to acquire the TALI Technology outright. TALI is seeking to position itself as the global leader in the assessment and treatment of core cognitive difficulties such as attention difficulties. TALI has a particular focus on providing tools to assist children with developmental disorders, such as autism spectrum disorder, to reach their full potential. The TALI Technology is a result of ground-breaking research pioneered over twenty years by internationally renowned neuroscientist Professor Kim Cornish and her team at Monash University. The front end of the TALI Technology is an adaptive attention training program (accessed via a software application prescribed by healthcare professionals), delivered on a computerized tablet (or similar). The back end of the TALI Technology is a Cloud based, centralised secure data collection, analysis and report system which provides healthcare professionals with the necessary information to monitor attention and optimize treatment outcomes.

The Technology was developed by Monash University, in collaboration with game developers – Torus Games Pty Ltd, and technology commercialization experts – Grey Innovation Pty Ltd in response to the absence of non-pharmaceutical approaches by the medical industry to the treatment of children with attention difficulties, especially those with developmental disorders in modern society.

For more information:

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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

AVEXA LIMITED

ABN

53 108 150 750

Quarter ended ("current quarter")

30 September 2016

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	-	-
1.2 Payments for		
(a) research and development	(310)	(310)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(12)	(12)
(d) leased assets	(3)	(3)
(e) staff costs	(128)	(128)
(f) administration and corporate costs	(50)	(50)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	3
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)		
- GST refunds/(payments)	(44)	(44)
- Legal & professional	(65)	(65)
- Insurance	(32)	(32)
- Intellectual property	(25)	(25)
- Sundry	(9)	(9)
1.9 Net cash from / (used in) operating activities	(675)	(675)

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	(2)	(2)
(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 (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(2)	(2)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	2,209	2,209
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	(46)	(46)
3.5 Proceeds from borrowings	100	100
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	2,263	2,263

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	388	388
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(675)	(675)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(2)	(2)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	2,263	2,263
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	1,974	1,974

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	1,489	96
5.2 Call deposits	485	292
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)	1,974	388

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	263
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	

<ul style="list-style-type: none"> - Year to date cash payments for Staff Costs include director fees \$28k. - Year to date cash payments for Research & Development include \$235k paid to Grey Innovation Pty Ltd, an associate entity of Jefferson Harcourt. These arrangements reflect normal commercial terms.

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	-
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	
N/A	

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) - Bank guarantee	31	-
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.		
- Bank guarantee funds secured in accordance with premises lease terms.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(500)
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(10)
9.4 Leased assets	(4)
9.5 Staff costs	(135)
9.6 Administration and corporate costs	(100)
9.7 Other (provide details if material)	
- Legal & professional	(10)
- Intellectual property	(25)
- Repayment of loan	(100)
- Transaction costs related to issues of shares, convertible notes or options	(38)
9.8 Total estimated cash outflows	(922)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	N/A	N/A
10.2 Place of incorporation or registration	N/A	N/A
10.3 Consideration for acquisition or disposal	N/A	N/A
10.4 Total net assets	N/A	N/A
10.5 Nature of business	N/A	N/A

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.



Signed:

Date: 28 October 2016

Mr Iain Kirkwood
Director

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.