

## 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**

AUDIO PIXELS HOLDINGS LIMITED

**ABN**

98 094 384 273

**Quarter ended ("current quarter")**

31 December 2016

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date (12<br/>months)<br/>\$A'000</b> |
|---|------------------------------------|---|
| <b>1. Cash flows from operating activities</b>            |                                    |   |
| 1.1 Receipts from customers                               | -                                  | -   |
| 1.2 Payments for  |                                    |   |
| (a) research and development                              | (637)                              | (2,921)   |
| (b) product manufacturing and operating costs             | -                                  | -   |
| (c) advertising and marketing                             | (14)                               | (21)  |
| (d) leased assets   | -                                  | -   |
| (e) staff costs   | (170)                              | (612)   |
| (f) administration and corporate costs                    | (429)                              | (1,108)   |
| 1.3 Dividends received (see note 3)                       | -                                  | -   |
| 1.4 Interest received                                     | 31                                 | 104   |
| 1.5 Interest and other costs of finance paid              | -                                  | (180)   |
| 1.6 Income taxes paid                                     | -                                  | -   |
| 1.7 Government grants and tax incentives                  | -                                  | -   |
| 1.8 Other (provide details if material)                   | 285                                | 533   |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(934)</b>                       | <b>(4,205)</b>                                  |
| <b>2. Cash flows from investing activities</b>            |                                    |   |
| 2.1 Payments to acquire:                                  |                                    |   |
| (a) property, plant and equipment                         | (24)                               | (70)  |
| (b) businesses (see item 10)                              | -                                  | -   |
| (c) investments   | -                                  | -   |

| Consolidated statement of cash flows                      | Current quarter<br>\$A'000 | Year to date (12<br>months)<br>\$A'000 |
|---|----------------------------|--|
| (d) intellectual property                                 | -                          | -                                      |
| (e) other non-current assets                              | -                          | -                                      |
| <b>2.2 Proceeds from disposal of:</b>                     |                            |  |
| (a) property, plant and equipment                         | -                          | -                                      |
| (b) businesses (see item 10)                              | -                          | -                                      |
| (c) investments   | -                          | -                                      |
| (d) intellectual property                                 | -                          | -                                      |
| (e) other non-current assets                              | -                          | -                                      |
| <b>2.3 Cash flows from loans to other entities</b>        | -                          | -                                      |
| <b>2.4 Dividends received (see note 3)</b>                | -                          | -                                      |
| <b>2.5 Other (provide details if material)</b>            | -                          | -                                      |
| <b>2.6 Net cash from / (used in) investing activities</b> | <b>(24)</b>                | <b>(70)</b>                            |

|   |          |              |
|---|----------|--------------|
| <b>3. Cash flows from financing activities</b>                                  |          |              |
| 3.1 Proceeds from issues of shares  | -        | 7,830        |
| 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)   | -        | -            |
| <b>3.10 Net cash from / (used in) financing activities</b>                      | <b>-</b> | <b>7,830</b> |

|   |       |         |
|---|-------|---------|
| <b>4. Net increase / (decrease) in cash and cash equivalents for the period</b> |       |         |
| 4.1 Cash and cash equivalents at beginning of quarter/year to date              | 6,015 | 1,523   |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above)             | (934) | (4,205) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above)             | (24)  | (70)    |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above)            | -     | 7,830   |

| <b>Consolidated statement of cash flows</b> |  | <b>Current quarter<br/>\$A'000</b> | <b>Year to date (12<br/>months)<br/>\$A'000</b> |
|---|--|------------------------------------|---|
| 4.5   | Effect of movement in exchange rates on cash held  | 27                                 | 6   |
| <b>4.6</b>                                  | <b>Cash and cash equivalents at end of quarter</b> | <b>5,084</b>                       | <b>5,084</b>                                    |

| <b>5.</b>  | <b>Reconciliation of cash and cash equivalents</b><br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | <b>Current quarter<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|------------|---|------------------------------------|-------------------------------------|
| 5.1        | Bank balances   | 484                                | 915                                 |
| 5.2        | Call deposits   | 4,500                              | 5,100                               |
| 5.3        | Bank overdrafts   |                                    | -                                   |
| 5.4        | Other (provide details)   |                                    | -                                   |
| <b>5.5</b> | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>  | <b>5,084</b>                       | <b>6,015</b>                        |

**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

| <b>Current quarter<br/>\$A'000</b> |
|------------------------------------|
| 45                                 |
| -                                  |

The amount included in Item 6.1 includes directors fees and superannuation paid to entities associated with non-executive directors of \$37,230 and consulting fees to entities associated with non-executive directors of \$7,500.

**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

| <b>Current quarter<br/>\$A'000</b> |
|------------------------------------|
| -                                  |
| -                                  |

|  |
|--|
|  |
|--|

| <b>8. Financing facilities available</b><br><i>Add notes as necessary for an understanding of the position</i>   | <b>Total facility amount<br/>at quarter end<br/>\$A'000</b> | <b>Amount drawn at<br/>quarter end<br/>\$A'000</b> |
|--|---|--|
| 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. |   |  |

As announced to the market on 28 December 2016, the holders of the two convertible notes of \$1.5m each have agreed to extend the expiry dates of their convertible notes from 31 December 2016 to 31 December 2017. The extension of the convertible note held by 4F Investments Pty Limited, a company controlled by the Chairman, Mr Fred Bart, will require shareholder approval at the next Annual General Meeting.

| <b>9. Estimated cash outflows for next quarter</b> | <b>\$A'000</b> |
|--|----------------|
| 9.1 Research and development                       | 700            |
| 9.2 Product manufacturing and operating costs      | -              |
| 9.3 Advertising and marketing                      | 10             |
| 9.4 Leased assets                                  | -              |
| 9.5 Staff costs                                    | 170            |
| 9.6 Administration and corporate costs             | 300            |
| 9.7 Other (provide details if material)            | 20             |
| <b>9.8 Total estimated cash outflows</b>           | <b>1,200</b>   |

| <b>10. Acquisitions and disposals of business entities<br/>(items 2.1(b) and 2.2(b) above)</b> | <b>Acquisitions</b> | <b>Disposals</b> |
|--|---------------------|------------------|
| 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:   
(Director/Company secretary)

Date: 25 January 2017

Print name: IAN ALISTAIR DENNIS

**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.