

**Wednesday 31<sup>st</sup> October 2018**

**ASX Announcement – MICRO-X LIMITED (ASX: MX1)**

## **QUARTERLY CASH FLOW & BUSINESS UPDATE**

---

Micro-X Limited ('**Micro-X**') is pleased to provide an update to accompany the attached Appendix 4C Quarterly Cash Flow report for the period ended 30<sup>th</sup> September 2018.

The company held cash at the end of quarter of \$2.7M representing a net cash outflow for the quarter of \$1.4M.

Cash receipts during the quarter were from sales of the DRX Revolution Nano to Carestream.

During the quarter Micro-X announced that it was awarded \$2.4M under the Advanced Manufacturing Growth Fund Grant by the Australian Government, Department of Industry, Innovation and Science. This funding was approved to support Micro-X's investment in plant and equipment in a new state of the art manufacturing site in the Tonsley Innovation District. Micro-X will receive the funding based on milestone payments throughout the expansion of the manufacturing site.

Micro-X received an R&D Tax Incentive rebate of \$3.8M for the 2017/2018 financial year. The Company had in place a loan facility which was secured against the R&D Tax Incentive refund. Micro-X had drawn down \$1.6M of the \$3M loan facility. The \$1.6M was repaid upon receiving the R&D Tax Incentive refund as per the terms of the loan agreement.

Micro-X completed a successful, fully subscribed private placement of 30,000 Unsecured Mandatorily Convertible Notes to raise \$3.0M during the quarter with the cash clearing Micro-X's bank account in the current quarter.

### **CARESTREAM DRX-Revolution Nano Mobile X-ray System Commercialisation**

Micro-X has continued to deliver Nano units under the order received from Carestream earlier in the year. These units are now in everyday clinical use in hospital customer demonstrations in North America as part of the sales pipeline development activity. Early feedback is very positive with almost all demonstration activity generating procurement action.

The Nano has now received CE Marking, the regulatory approval required in the EU and clinical use demonstration in key European sites will commence shortly.

While delays caused by technical issues in air shipment have caused a later start to sales activity than hoped for, all evidence from the market points to this product delivering sales revenue at or above expectations.

## **Rover – Mobile X-ray for Deployed Military Medical Facilities**

Micro-X has been advised of delays in the Department of Defence's evaluation and source selection process for the tender for Project JP2060, the procurement project for turnkey provision of a new deployable medical facility for the Australian Army. A source selection announcement is expected early in 2019 with contract negotiations to follow. All tenderers are offering Micro-X product and the in-service date expected is consistent with our schedule for medical device approval for the Rover.

## **Future Aviation Security Solutions in UK**

Micro-X completed its deliverables for the first phase of its contract with the Defence Science and Technology Laboratory (DSTL) of the UK Ministry of Defence by presenting the imaging performance results of its lightweight x-ray imaging system for detecting explosives hidden in consumer electronic devices. Micro-X also presented to the Department for Transport (DfT) in London in September a product configuration model of a mobile scanner for carry-on baggage which incorporates this technology and which meets the needs identified by DfT for the Future Aviation Security Solutions (FASS) programme. This product concept created exceptional interest among the user community and Micro-X was invited to discussions with the security team at Heathrow Airport as to how this same technology might be applied to a new automated checkpoint configuration.

Micro-X's proposal to DSTL for funding for the second, developmental phase of the FASS programme is in preparation for lodgement in November.

## **Corporate Development and Strategic Partnering**

The Company continues to make significant progress towards finalising a long-term, strategic 'Grand Alliance' with a major international technology group. This involves a major investment and both technology and new product collaborations.

Micro-X has continued early commercial feasibility investigations into the new product opportunities illustrated in the roadmap of products which was presented in outline at the annual MicroCap Investment Conference in Melbourne recently. The assessments of comparative investment/return of these opportunities has usefully informed discussions and planning on the Strategic Partnering 'Grand Alliance' and the Company expects to be able to announce the security and medical diagnostic imaging products chosen for accelerated development during Q4CY18.

---

For further information please contact:

Mr Peter Rowland  
Managing Director, Micro-X Limited  
Telephone: +61 418 844 981  
prowland@micro-x.com  
www.micro-x.com

**About Micro-X:** Micro-X Limited (“MX1”) is an Australian Securities Exchange listed company developing and commercialising a range of highly innovative products based on proprietary carbon nanotube emitter technologies exclusively licensed and sourced from XinRay Systems Inc., a US based technology developer. These technologies enable the miniaturisation of a number of X-ray applications relevant to large global markets.

The Company’s first product, a mobile medical x-ray imager for hospitals, is being manufactured in an ISO13485 certified facility in Tonsley, South Australia and is in clinical use in hospital customer demonstrations in North America. Micro-X has three other products in its development pipeline; a version of the mobile medical x-ray imager for deployed military use, a mobile security back-scatter imager for which it is establishing manufacturing at the facility in Tonsley, as well as a mobile scanner for carry-on baggage.

## 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**

Micro-X Ltd

**ABN**

21 153 273 735

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

30 September 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	431	431
1.2 Payments for		
(a) research and development	(1,478)	(1,478)
(b) product manufacturing and operating costs	(658)	(658)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(936)	(936)
(f) administration and corporate costs	(724)	(724)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	4
1.5 Interest and other costs of finance paid	(105)	(105)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	3,867	3,867
1.8 Other (GST Refunds)	(186)	(186)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>215</b>	<b>215</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(44)	(44)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.2</b> Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.3</b> Cash flows from loans to other entities	-	-
<b>2.4</b> Dividends received (see note 3)	-	-
<b>2.5</b> Other (provide details if material)	-	-
<b>2.6</b> <b>Net cash from / (used in) investing activities</b>	<b>(44)</b>	<b>(44)</b>

<b>3.</b> <b>Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	25	25
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	(1,600)	(1,600)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10</b> <b>Net cash from / (used in) financing activities</b>	<b>(1,575)</b>	<b>(1,575)</b>

<b>4.</b> <b>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	4,062	4,062
4.2 Net cash from / (used in) operating activities (item 1.9 above)	215	215
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(44)	(44)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(1,575)	(1,575)

For personal use only

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>2,658*</b>	<b>2,658</b>

\*\$3M cash proceeds received from unsecured mandatorily convertible note issue post 30 September 2018 balance date.

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> 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 \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,609	4,013
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Term Deposit)	49	49
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,658</b>	<b>4,062</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 \$A'000</b>
------------------------------------

(111)
-------

-
---

--

**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 \$A'000</b>
------------------------------------

-
---

-
---

--

For personal use only

**8. Financing facilities available**

*Add notes as necessary for an understanding of the position*

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
3,000	3,000
-	-
-	-

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.

--	--

**9. Estimated cash outflows for next quarter**

**\$A'000**

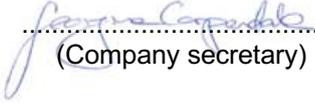
9.1	Research and development	2,786
9.2	Product manufacturing and operating costs	336
9.3	Advertising and marketing	16
9.4	Leased assets	57
9.5	Staff costs	1,668
9.6	Administration and corporate costs	418
9.7	Other (provide details if material)	-
<b>9.8</b>	<b>Total estimated cash outflows</b>	<b>5,281</b>

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		

For personal use only

**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:  Date: .....31/10/18.....  
(Company secretary)

Print name: .....Georgina Carpendale.....

**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.

For personal use only