

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

Brainchip Holdings Limited

ABN

64 151 159 812

Period ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current period \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) technical development	(723)	(1,606)
(b) compliance costs	-	-
(c) director fees and salaries	(140)	(355)
(e) exploration and evaluation	(51)	(75)
(f) other working capital	(236)	(479)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	5	11
1.5 Interest and other costs of finance paid	(8)	(16)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)		
Royalty income	4	6
Net operating cash flows	(1,149)	(2,514)

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	Current period \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(1,149)	(2,514)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	(13)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	152	171
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (Option fee)	-	400
Net investing cash flows	152	558
1.14 Total operating and investing cash flows	(997)	(1,956)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	834
1.18 Repayment of borrowings	-	(50)
1.19 Dividends paid	-	-
1.20 Other (provide details if material)		
Cost of share issues	-	(192)
Net financing cash flows	-	592
Net increase (decrease) in cash held	(997)	(1,364)
1.21 Cash at beginning of period/year to date	2,915	39
Cash acquired on merger	-	3,244
1.22 Exchange rate adjustments to item 1.20	(6)	(7)
1.23 Cash at end of period	1,912	1,912

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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 period \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	312
1.25	Aggregate amount of loans to the parties included in item 1.11	Nil

1.26 Explanation necessary for an understanding of the transactions

Payment of directors fees and salaries, and payments to related parties comprising key management personnel

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

- 33,000,000 shares were issued upon the conversion of 33,000,000 Class B Performance Rights.
- 11,000,000 Directors options were issued exercisable at 22.5c and expiring on 30 November 2018 under the Directors Option Plan.
- 10,550,000 Employee options were issued exercisable at 24c and expiring on 21 December 2020 under the Company's Long Term Incentive Plan.
- 250,000 Employee options were issued exercisable at 36c and expiring on 20 December 2020 under the Company's Long Term Incentive Plan.
- 2,000,000 Class C Performance Rights were issued to employees under the Performance Rights Plan.

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

None

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

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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 (31 December 2015) \$A'000	Previous quarter (30 September 2015) \$A'000
4.1	Cash on hand and at bank	1,858	2,861
4.2	Deposits at call	50	54
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)		1,912	2,915

Acquisitions and disposals of business entities

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	Brainchip Inc	-
5.2	Place of incorporation or registration	Delaware, USA	-
5.3	Consideration for acquisition or disposal	353,605,500 Brainchip Holdings Ltd shares issued ⁽¹⁾	-
5.4	Total net assets	(A\$ 206,000)	-
5.5	Nature of business	Neural computing technology	-
<p>(1) Given the relative sizes and ongoing activities of Brainchip Inc. and Brainchip Holdings Ltd the transaction, dated 10 September 2015, is deemed to be a reverse acquisition with the accounting acquirer being Brainchip Inc.</p>			

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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 /does not* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: Date: 29 January 2016
(~~Director~~/Company secretary)

Print name: Ms Nerida Schmidt

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.

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