

MARCH 2016 QUARTERLY CASH FLOW REPORT

Mach7 Technologies Limited (formerly 3D Medical Limited) (ASX:M7T) (**Mach7** or the **Company**) today released its quarterly cash flow report, Appendix 4C, for the quarter ending 31 March 2016.

BASIS OF PREPARATION & EFFECTIVE MERGER DATE

The enclosed Appendix 4C is for 3D Medical Limited and controlled entities (**3D Medical Group**) for the quarter ended 31 March 2016, which is prior to its merger with Mach7 Technologies Ltd & controlled entities (**Mach7 Group**).

The merger of 3D Medical Limited and Mach7 Technologies Pte. Ltd was approved by shareholders on 31 March 2016 and officially completed on 8 April 2016. Therefore this quarterly report does not include any cash balances or cash receipts and payments from the operations of the Mach7 Group.

The quarterly report does include \$1.229 million in secured loans advanced to the Mach7 Group during the quarter (\$3.422 million year to date).

COMMENTARY

Cash on hand at 31 March 2016 (3D Medical Group) is \$560k, excluding cash held by Mach7 Group. On 28 April 2016, the Company requested a trading halt of its quoted shares for the purposes of raising capital. Any new capital raised (net of fees) as part of the planned placement will add to the Company's cash reserves reported in the Appendix 4C.

Cash receipts during the March 2016 quarter (\$233k) exceeded the cash receipts of both the September 2015 quarter and the December 2015 quarter combined (\$215k) as the 3D Medical Group continued to grow its revenues from 3D printing and licensing activities.

Cash outflows for the quarter included a number of one-off costs related to the merger with Mach7 Technologies Pte. Ltd including acquisition costs, capital raising costs, legal and professional advisory fees, and fees related to shareholders communications. In addition, cash outflows of \$1.229 million for the quarter related to loans made to Mach7 Technologies ahead of the merger.

Throughout the quarter the Company also made a number of announcements regarding the progress of Mach7 in securing additional licence agreements for its Mach7 Enterprise Imaging Platform. These comprised:

- (i) a 5-year distribution agreement with IntriHEALTH® (South Africa) whereby the Company will generate monthly USD earnings under a pay-per-procedure revenue model; and
- (ii) a 5-year licence agreement with Penn State Hershey (USA) whereby the Company will earn a licence fee, installation and data migration fees upon the achievement of milestones and an annual support fee throughout the 5-year term.

These new licence agreements add to M7T's existing USD-denominated annuity-based licence revenues. The Company is confident that additional licence agreements will be announced with

new customers, and as previously announced on 31 March in the presentation by the CEO of Mach7 Technologies, the announcement of a new customer contract with a US healthcare provider is imminent.

The Company has recently announced the successful granting of a US Patent “*Handheld Medical Imaging Mobile Modality*” for mobile device image capture. This Patent covers any mobile device that can capture an image (or video) and wirelessly communicate the image and the metadata to a server, especially the Mach7 Enterprise Imaging Platform.

The Company also has a number of other US Patents pending that relate to other aspects of extended functionality that can be deployed on the Mach7 Enterprise Imaging Platform and the Company is confident that these Patents will be finalised this calendar year.

During the period, the Company also announced the appointment of Global CFO and CEO of Australian operations, Ms Jenni Pilcher. The appointment of Ms Pilcher brings extensive financial leadership and ASX-listed company experience to the Company. Additionally, the Company has announced the restructure of the Board and the management team including the appointment of Mach7 Technologies Pte. Ltd existing CEO, Mr Albert Liong, as Managing Director and Global Chief Executive Officer.

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About Mach7 Technologies:

Mach7 Technologies is a global provider of enterprise image management systems that allow healthcare enterprises to easily identify, connect, and share diagnostic image and patient care intelligence where and when needed. Mach7's award-winning platform delivers image management including rapid record identification, integration, synchronisation and routing, advanced clinical viewing, and optimized vendor neutral archiving. Mach7 has locations in the U.S., Asia, Australia, Africa and the Middle East. For more information, visit www.mach7t.com

The Company's wholly-owned subsidiary, 3D Medical, provides medical specific 3D printing is an exclusive distributor of various synergistic technologies including holographic projection. 3D Medical's innovative products leverage data already captured by conventional imaging modalities and apply it in more meaningful ways to deliver improved economic and patient outcomes. For more information, visit www.3dmedical.com.au

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

Mach7 Technologies Limited (formerly 3D Medical Limited)

ABN

26 007 817 192

Quarter ended ("current quarter")

31 March 2016

Important Note: 3D Medical Limited merged with Mach7 Technologies Pte Ltd effective 8 April 2016. This Appendix 4C is reported for the quarter ended 31 March 2016, and therefore is not a consolidated position of the Mach7 Technologies Pte Ltd and controlled entities.

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers	233	448
1.2 Payments for		
(a) staff costs	(221)	(724)
(b) advertising & marketing	(64)	(148)
(c) research & development		
(d) leased assets		
(e) other working capital	(516)	(1,582)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	5	18
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net operating cash flows	(563)	(1,988)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(563)	(1,988)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(4)	(475)
(e) other non-current assets	-	(88)
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		
1.11 Loans to other entities	(1,230)	(3,422)
1.12 Loans repaid by other entities		
1.13 Other (Acquisition cost)	(34)	(107)
Other (Cash acquired on completion of transaction with SMP)		
Net investing cash flows	(1,268)	(4,092)
1.14 Total operating and investing cash flows	(1,831)	(6,080)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	4,309
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings		
1.19 Dividends paid		
1.20 Other (Capital raising cost)	(233)	(464)
Net financing cash flows	(233)	3,845
Net increase (decrease) in cash held	(2,064)	(2,235)
1.21 Cash at beginning of quarter/year to date	2,624	2,795
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	560	560

+ See chapter 19 for defined terms.

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 \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	121
1.25	Aggregate amount of loans to the parties included in item 1.11	1,230

1.26 Explanation necessary for an understanding of the transactions

Loans provided to controlled entities of Mach7 Technologies Pte. Ltd, which was acquired by 3D Medical effective 8 April 2016.

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

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

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		

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

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 \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	486	2,550
4.2 Deposits at call	30	30
4.3 Bank overdraft	-	-
4.4 Other (lease bond)	44	44
Total: cash at end of quarter (item 1.23)	560	2,624

Acquisitions and disposals of business entities*

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

*there have been no acquisitions or disposals during the quarter ended 31 March 2016, however 3D Medical Limited merged with Mach7 Technologies Pte Ltd effective 8 April 2016, via an all- scrip (non-cash) transaction.

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.

Dr Nigel Finch
Director
 29 April 2016

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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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