

ASX Announcement – Kollakorn Corporation Limited (ASX: KKL)

Quarter ending 30 March 2021

Activity Report Accompanying Appendix 4C

The Directors of Kollakorn Corporation Limited (**ASX: KKL**) (“the Company”) are pleased to present the Quarterly Activity Report for the period ending 30 March 2021.

The highlights are:

- Revenue of \$1177 being small RFID Tag sales;
- The Group made a loss after tax for the quarter of \$196,551;
- Total liabilities of \$7,065,310 relate largely to the increased level of creditors associated with our R&D efforts on CertainID and Waste Conversion. The conditions applicable to these expenses is that, payment of them is subject to the successful financial close of both the CertainID and Waste Conversion projects to which the expense directly applies. These expenses have been recorded as non-current liabilities that are only payable when the Company successfully achieves the financial close of the respective projects, therefore maximising benefit to shareholders. Thus, the loss is attributable to invoices accrued that are only payable on successful implementation of our projects.

COVID-19 continues to impact the business, as outlined in previous reports. Significant impact has been experienced with our Malaysian Project continuing to experience lengthy delays. We are actively managing our relationships during the shutdowns in the relevant countries in which we have opportunities. We achieved a small trial sale for a new application to an existing customer during the quarter.

During the quarter there was continued strategic development activity regarding Waste Conversion as we plan the commencement of our Waste Conversion Pre FEED activities. No R&D activity was undertaken this quarter, rather the Company has put its efforts into preparatory work to enable trading of our shares, which will then enable the commencement of the Pre FEED activity. As explained at the Annual General meeting that occurred on 23 March 2021, it is the intention of the Board to take a Rights Issue to shareholders shortly to support these efforts.

In regard to Listing Rule 4.7, our Cash Flow continues to be carefully managed and as previously stated, our investment in R&D funding for Waste Conversion has enabled us to continue operating with the Board confident that our investments will result in a successful commencement of Waste Conversion projects and tag projects.

In regard to payments to related parties, with the continued impact of COVID-19, the Chief Executive Officer and the Directors continued to have salaries and director fees accrued with no payments being made. This is a continuation of the arrangements for salaries and directors fees to be accounted for as non-current liabilities, as explained in the 2020 Annual Report and Annual General Meeting.

Our Financial statements have been prepared on the going concern basis, which contemplates the Group’s ability to pay its debts as and when they become due and payable. The ability of the Group to continue as a going concern is dependent on a number of factors, the most significant of which are:

- the continued support of the Group's creditors;
- the ability of the Company to source sufficient capital and other funding to settle the Group's outstanding current liabilities;
- the Group's ability to generate continuing revenue streams from the RFID technology and its other businesses; and
- the Group's ability to generate continuing revenue streams from waste conversion.

The directors are of the opinion that there are reasonable grounds to believe the Group will be able to continue as a going concern after consideration of these factors.

Appendix 4C

Monthly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

KOLLAKORN CORPORATION LIMITED

ABN

41 003 218 862

Month ended ("current month")

31 Mar 2021

Consolidated statement of cash flows		Current month \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers	-	7.94	
1.2 Payments for			
(a) research and development	-	-	
(b) product manufacturing and operating costs	-	-	
(c) advertising and marketing	-	-	
(d) leased assets	-	-	
(e) staff costs	-	-	
(f) administration and corporate costs	-	(307.51)	
1.3 Dividends received (see note 3)	-	-	
1.4 Interest received	-	-	
1.5 Interest and other costs of finance paid	-	-	
1.6 Income taxes paid	8.61	-	
1.7 Government grants and tax incentives	-	244.83	
1.8 Other (provide details if material)	-	-	
1.9 Net cash from / (used in) operating activities	8.61	(54.74)	
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities	-	-	
(b) businesses	-	-	
(c) property, plant and equipment	-	-	
(d) investments	-	-	
(e) intellectual property	-	-	
(f) other non-current assets	-	-	

Consolidated statement of cash flows		Current month \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
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)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	85.06	148.37
4.2	Net cash from / (used in) operating activities (item 1.9 above)	8.61	(54.74)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current month \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	0.04
4.6	Cash and cash equivalents at end of period	93.67	93.67

5.	Reconciliation of cash and cash equivalents at the end of the month (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current month \$A'000	Previous month \$A'000
5.1	Bank balances	93.67	85.06
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of month (should equal item 4.6 above)	93.67	85.06

6.	Payments to related parties of the entity and their associates	Current month \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your monthly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at month end \$A'000	Amount drawn at month end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at month end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after month end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	8.61
8.2	Cash and cash equivalents at month end (item 4.6)	93.67
8.3	Unused finance facilities available at month end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	93.67
8.5	Estimated months of funding available (item 8.4 divided by item 8.1)	N/A
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated months of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 6 months, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer:	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer:	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer:	
	<i>Note: where item 8.5 is less than 6 months, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

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.

Date: 28/04/2021



Authorised by:
(Company Director/CFO)

Notes

1. This monthly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past month, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this monthly cash flow 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 monthly cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.