

Wednesday 31 October 2018

AVA Appendix 4C

- Quarter on quarter improvement in revenues and cash flows
- Consolidated cash position of \$3.9m, with no debt
- One-off cash flows relating to AVA and MSP share buybacks of \$0.1m

Ava Risk Group Limited (ASX: AVA), a market leader of risk management services and technologies, today released its Appendix 4C for the quarter ended 30 September 2018.

Net operating cash flows were negative \$1.3m for the quarter, a \$200k improvement on the previous quarter. Cash receipts from customers were \$7.3m for the quarter, a \$900k increase on the previous quarter.

At 30 September 2018 the Company has \$4.0m cash at bank and no debt.

Gross forecast cash outflows of around \$8.9m are expected for next quarter, a reflection of increasing product manufacturing costs due to the anticipated revenue growth in the quarter. This excludes cash inflows from customer payments and government R&D rebates .

Ava Group Chief Executive, Chris Fergus said: *“Ava’s strategic growth plans are progressing well with recent customer wins providing additional confidence in our FY2019 performance. Ava’s first quarter revenue and cash flow was broadly in line with expectations. The timing of cash flow receipts was impacted by the lower Q4 FY2018 revenue and the timing of invoicing being weighted towards end of quarter. The Company’s investment in its sales & marketing capability has created a strong platform for growth in FY19 and beyond.”*

About Ava Group

Ava Group is a market leader of risk management services and technologies, trusted by some of the most security conscious commercial, industrial, military and government clients in the world.

The Group features a range of complementary solutions including intrusion detection for perimeters, pipelines and data networks, biometric and card access control, a range of high security locks as well as the secure international logistics and storage of high value assets. Through decades of innovation, the Ava Group continues to build upon a comprehensive portfolio of premium services and technologies for the most complex and demanding markets.

Our business truly serves a global market, with our knowledgeable team spread across six continents, providing market and industry expertise directly to customers. With thousands of sites protected, the Ava Group is proven to deliver first class services and technologies that surpass the expectations of our partners and end users.

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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

AVA Risk Group Limited

ABN

67 064 089 318

Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		7,296	7,296
1.2 Payments for			
(a) research and development		(217)	(217)
(b) product manufacturing and operating costs		(4,821)	(4,821)
(c) advertising and marketing		(149)	(149)
(d) leased assets		-	-
(e) staff costs		(2,836)	(2,836)
(f) administration and corporate costs		(557)	(557)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		10	10
1.5 Interest and other costs of finance paid		-	-
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		-	-
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		(1,274)	(1,274)
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment		(122)	(122)
(b) businesses (see item 10)		-	-
(c) investments		-	-
(d) intellectual property		(237)	(237)
(e) other non-current assets		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) 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) – cash from consolidation of MaxSec Group Limited	-	-
2.6	Net cash from / (used in) investing activities	(359)	(359)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
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)	(139)	(139)
3.10	Net cash from / (used in) financing activities	(139)	(139)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	5,910	5,910
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,274)	(1,274)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(359)	(359)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(139)	(139)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(184)	(184)
4.6	Cash and cash equivalents at end of quarter	3,954	3,954

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,241	1,905
5.2	Call deposits	1,713	4,005
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,954	5,910

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

**Current quarter
\$A'000**

(435)

-

Includes all Executive Directors and Non-executive fees and salaries, and consultancy and service fees paid to related or associated parties of Directors including in respect of subsidiary operations (MaxSec Group) whereby directors are related parties .

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

**Current quarter
\$A'000**

-

-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	1,000	-
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.		

Secured Business overdraft facility with Westpac Banking Corporation. Interest rate is variable with the lender's base business lending rate.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(200)
9.2 Product manufacturing and operating costs	(5,000)
9.3 Advertising and marketing	(150)
9.4 Leased assets	-
9.5 Staff costs	(2,900)
9.6 Administration and corporate costs	(650)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(8,900)

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		

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:31/10/2018.....

Print name: ..Leigh Davis.....

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.