

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

Department 13 International Ltd

ABN

36 155 396 893

Quarter ended ("current quarter")

30 June 2018

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		133	3,225
1.2 Payments for			
(a) research and development		(343)	(1,107)
(b) product manufacturing and operating costs		(529)	(2,257)
(c) advertising and marketing		(138)	(380)
(d) leased assets		-	-
(e) staff costs		(805)	(2,345)
(f) administration and corporate costs		(523)	(2,506)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		6	15
1.5 Interest and other costs of finance paid		(228)	(228)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		-	-
1.8 Other (Awards* and GST received)		215	280
1.9 Net cash from / (used in) operating activities		(2,212)	(5,303)

* In the June quarter, D13 received a cash prize of \$133k after being awarded 3rd place in ThunderDrone RPE III, trials initiated by SOFTWERX upon request of the US Special Operations Command and Strategic Capabilities Office. D13 was shortlisted from a field of 454 competing technologies/vendors and was the only prize winner to have competed on a standalone basis using protocol manipulation.

The trials also proved to be a great opportunity for D13 to demonstrate MESMER to a range of potential customers from both public and private institutions.

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(488)	(498)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	(1,908)
	(e) other non-current assets	-	-
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	Development of intellectual property	(506)	(2,910)
2.6	Net cash from / (used in) investing activities	(994)	(5,316)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	7,000
3.3	Proceeds from exercise of share options	169	253
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(737)
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	169	6,516

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	3,773	4,925
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,212)	(5,303)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(994)	(5,316)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	169	6,516
4.5	Effect of movement in exchange rates on cash held	11	(75)
4.6	Cash and cash equivalents at end of quarter	747	747

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	678	301
5.2	Call deposits	69	3,472
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter	747	3,773

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	189
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	
N/A		

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	181
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	

Amounts included in item 7.1 relate to fees payments to key management personnel.

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	-	-
8.3 Other (convertible notes issued)	7,000	7,000
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.		

After period end, \$4m has been committed to the Tranche 2 note issuance, which was approved at the Extraordinary General Meeting on 18 May 2018.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	300
9.2 Product manufacturing and operating costs	800
9.3 Advertising and marketing	50
9.4 Leased assets	-
9.5 Staff costs	600
9.6 Administration and corporate costs	500
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	2,250

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: 
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Company secretary

Date: 31 July 2018

Print name: Tharun Kupanda

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.