

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")

31 March 2019

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		310	774
1.2 Payments for			
(a) research and development		(390)	(938)
(b) product manufacturing and operating costs		(222)	(986)
(c) advertising and marketing		(73)	(305)
(d) leased assets		-	-
(e) staff costs		(537)	(1,986)
(f) administration and corporate costs		(412)	(1,559)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		-	3
1.5 Interest and other costs of finance paid		-	(279)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		-	-
1.8 Other (GST received)		3	74
1.8 Other (Insurance payment received)		-	70
1.9 Net cash from / (used in) operating activities		(1,321)	(5,132)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(7)	(167)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(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	(650)	(1,944)
2.6	Net cash from / (used in) investing activities	(657)	(2,111)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	5,000
3.3	Proceeds from exercise of share options	-	33
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(466)
3.5	Proceeds from borrowings	2,000	2,000
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	2,000	6,567

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	100	747
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,321)	(5,132)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(657)	(2,111)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,000	6,567
4.5	Effect of movement in exchange rates on cash held	1	52
4.6	Cash and cash equivalents at end of quarter	123	123

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	52	52
5.2	Call deposits	71	48
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter	123	100

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	172
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	185
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	10,000	2,000
8.3 Other (convertible notes issued)	11,600	11,600
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.		

Lending Facility

The Company has a lending facility in place for \$10m over 3 tranches:

- Tranche 1: Up to \$4m
- Tranche 2: Up to \$3m (depending on amount advanced under Tranche 1. Tranche 1 and 2 advances will total no more than \$5m)
- Tranche 3: \$5m

Interest is payable on Tranches 1 and 2 at 1.67% per month on funds drawn. Tranche 3 interest is 1.5% per month on funds drawn.

The facility will mature on 19 March 2020.

Convertible Notes

The Company has 2 Tranches of convertible notes on issue.

The terms of both Tranches is for two years and interest is due and payable at a rate of 12% per annum on a quarterly basis. Unpaid interest amounts are accrued and applied on the face value of the accumulated balance of the loan. The agreement provides that the lender may convert the amount to ordinary shares at \$0.10 per convertible note

On establishment of the Lending Facility, interest on outstanding notes is capitalised and conversion price is reduced to \$0.04 per convertible note.

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development	350
9.2	Product manufacturing and operating costs	350
9.3	Advertising and marketing	100
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	1,900

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:
Company secretary

Date: 30 April 2019

Print name: Laura Newell

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.