



31 July 2020

## VPCL Quarterly Activities Report

Quarter Ended 30 June 2020

### Highlights

- Final 15% of Nowforce sale proceeds were received from escrow;
- Interest payment on the loan to Pro 9 received;
- Mr. David Wheeler appointed to the VPC Board;
- Closing cash on hand at 30 June 2020 of \$3.3M;
- Current cash today is \$3.8M.

**VPCL Limited** (ASX: VPC) (“VPCL” or “the Company”) is pleased to provide an update of the Company’s activities for the quarter ended 30 June 2020.

### Nowforce

In October 2018, the Company sold its investment in NowForce for approximately USD \$1.05m. Sale proceeds of USD \$895m (AUD \$1.2m) were received in December 2018, with a further 15% held in escrow for 18 months. The escrow period expired in May and VPCL received the final payment of USD \$164,379 (AUD \$233,293) in June. Further deferred payments up to US\$660,000 may be received by VPCL on or around March 2021 subject to the achievement of certain financial metrics by NowForce.

### Lumi Financial

The Board reviewed its position in Lumi and the operations and market outlook for unlisted illiquid investments of this type. It was the opinion of the Board after discussion with Lumi that the sector that Lumi is operating in has been adversely affected by the downturn in the economy. It was clear to the Board that retaining the investment to seek a greater return was too risky.

VPCL agreed to sell its investment in Lumi, where it fully recovers the initial Capital invested. Proceeds of this sale, \$500,000, have been received in July 2020.

**VPCL Limited ACN 149 197 651 (ASX:VPC)**  
Unit 36/38 Manchester Lane  
Melbourne Vic 3000

**+61 7 5448 7088**  
[vpcl@cfo-one.com.au](mailto:vpcl@cfo-one.com.au)



### **Pro9 Loan**

During the quarter VPCL received interest payments of \$18,183 in respect to the short term loan provided to Pro 9. A further payment of \$9,091 has been received prior to 31 July 2020. Total interest received on the loan is \$44,227.

The Board has advanced discussions with Pro 9 in respect to recovery of the loan and is considering all alternatives to maximise its return on the investment.

### **Board Changes**

As announced to the ASX on 3 April, Non-executive Director Mr. Justin Klintberg resigned from the Company to pursue other business interests. Justin has been replaced in the role by Mr. David Wheeler. David provides VPCL with over 30 years' experience in Executive Management, Directorships and has significant corporate advisory experience.

### **Other**

During the quarter the Company proceeded with the voluntary winding up of two subsidiary entities relating to the former LMS and Brand Agency businesses, in order to simplify operations under a single trading entity. Formal notification to ASIC was lodged with ASIC in June 2020.

The Board has conducted due diligence on several opportunities in various sectors and expects to update the market in the near term when a definitive agreement is reached.

Listing Rule 4.7C.1 and 4.7C.3 – VPCL has no substantive business activities during the quarter other than those described above. There were payments made to Related Parties amounting to \$34,068, which were in respect to services to executive and non-executive Directors and the payment was consistent with prior quarters.

This announcement has been authorised for release to the ASX by the VPCL Board.

Leanne Graham  
Director  
VPCL Limited

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## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

VPCL LIMITED

**ABN**

65 149 197 651

**Quarter ended ("current quarter")**

30 June 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	3
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	(5)
(d) leased assets	-	-
(e) staff costs	(34)	(117)
(f) administration and corporate costs	(94)	(468)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	19	38
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)	-	(87)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(109)</b>	<b>(636)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	233	233
	(e) intellectual property	-	2,050
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	(510)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>233</b>	<b>1,773</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	3,218	2,205
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(109)	(636)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	233	1773

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,342</b>	<b>3,342</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	3,342	3,218
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,342</b>	<b>3,218</b>

**6. Payments to related parties of the entity and their associates**

- 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

<b>Current quarter \$A'000</b>
34
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Fees and salaries paid to Directors

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

**7. Financing facilities**

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-

7.5 **Unused financing facilities available at quarter 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 quarter end, include a note providing details of those facilities as well.

N/A

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(109)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	3,342
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	3,342
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	30

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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:  
N/A

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:  
N/A

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:  
N/A

## 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: 31 July 2020



Authorised by:  
Chris Mews (Director / Company Secretary)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, 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 quarterly 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 quarterly 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.