



## **ASX ANNOUNCEMENT | COVATA LIMITED**

### **ASX Appendix 4C - Quarterly Cash Flow Report**

#### **For the quarter ended 30 June 2016**

#### **Melbourne – 29 July 2016 – Covata Limited (ASX:CVT) attaches the Company's Appendix 4C Quarterly Cash Flow Report for the period ended 30 June 2016.**

Covata held \$9.1 million in cash at 30 June 2016, compared to \$7.7 million at 31 March 2016.

Net operating cash flow for the quarter ended 30 June 2016 was (\$3.8 million), \$2.0 million more than the previous quarter ended 31 March 2016, which was (\$1.8 million). The Q4 increase is primarily due to operating cash flow for Q3 being offset by the receipt of \$1.65 million from AusIndustry/ATO in relation to the R&D tax incentive for the year ended 30 June 2015. Q4 also incurred a \$0.2 million increase in global staff costs and \$0.2 million in non-recurring placement costs for multiple hires to support our San Francisco office.

Cash receipts from customers increased modestly from \$65,000 in Q3 to \$81,000 in Q4.

During the quarter the Group received net financing cash flows of \$5.1 million from the first tranche of a strategic equity placement. Please note that, subsequent to this reporting quarter, the second and final tranche of \$7.8 million (before costs) was received in July 2016 – substantially boosting the 30 June cash position.

As announced on 30 May 2016, the Company secured these commitments from prominent US and Asia Pac funds and resulted in increased percentage holdings by the top 2 shareholders, Fidelity International and TPG Telecom.

All shareholders are reminded that a "2<sup>nd</sup> Half FY16 Business Update Conference Call" is scheduled for 8am AEST on Tuesday 2<sup>nd</sup> of August. This will be a detailed business update relating to Q3 and Q4 FY16, and the outlook into FY2017. Please refer to the company announcement on the ASX for details in details – [www.asx.com.au](http://www.asx.com.au)

\* All dollar amounts are in AUD

#### **Media and Investor Relations:**

Nikki Parker

Vice President Growth and IR

Covata

+1 (571) 353-4273

[nichola.parker@covata.com](mailto:nichola.parker@covata.com)



## **About Covata**

Covata enables true ownership and control over your data in the cloud and over mobile services. We deliver data-centric security solutions without compromising simple usability, providing true end-to-end security. Your data is always protected wherever it may travel – inside your network, beyond the domain, to mobile devices and to the cloud – with granular access controls that extend to external users, view-only restrictions, real-time revocation and complete visibility and auditability.

Own Your Data, control your data and choose where it is stored – with complete assurance that it is protected and secure. For further information please visit [www.covata.com](http://www.covata.com).

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

**COVATA LIMITED**

ABN

**61 120 658 497**

Quarter ended ("current quarter")

**30 June 2016**

### Consolidated statement of cash flows

| Cash flows related to operating activities |   | Current<br>quarter<br>\$A'000 | Year to date<br>(12 months)<br>\$A'000 |
|--|---|-------------------------------|--|
| 1.1  | Receipts from customers                               | 81                            | 174                                    |
| 1.2  | Payments for (a) staff costs                          | (2,399)                       | (8,168)                                |
|  | (b) advertising and marketing                         | (163)                         | (693)                                  |
|  | (c) research and development                          | (66)                          | (729)                                  |
|  | (d) leased assets                                     | -                             | -                                      |
|  | (e) other working capital                             | (1,240)                       | (5,216)                                |
| 1.3  | Dividends received                                    | -                             | -                                      |
| 1.4  | Interest and other items of a similar nature received | 14                            | 269                                    |
| 1.5  | Interest and other costs of finance paid              | (3)                           | (12)                                   |
| 1.6  | Income taxes paid                                     | -                             | -                                      |
| 1.7  | Other (R&D tax incentive receipt)                     | -                             | 1,650                                  |
| <b>Net operating cash flows</b>            |   | <b>(3,776)</b>                | <b>(12,725)</b>                        |

#### Notes:

- 1.7 Other (R&D tax incentive receipt) The Group received a \$1.65 million R&D tax incentive, relating to the period ending 30 June 2015, from AusIndustry in February 2016.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

|  | Current<br>quarter<br>\$A'000 | Year to date<br>(12 months)<br>\$A'000 |
|--|-------------------------------|--|
| 1.8 Net operating cash flows (carried forward)       | (3,776)                       | (12,725)                               |
| <b>Cash flows related to investing activities</b>    |                               |  |
| 1.9 Payment for acquisition of:                      |                               |  |
| (a) businesses (item 5) <sup>1</sup>                 | -                             | -                                      |
| (b) equity investments                               | -                             | -                                      |
| (c) intellectual property                            | -                             | -                                      |
| (d) physical non-current assets                      | (34)                          | (73)                                   |
| (e) other non-current assets                         | -                             | -                                      |
| 1.10 Proceeds from disposal of:                      |                               |  |
| (a) businesses (item 5)                              | -                             | -                                      |
| (b) equity investments                               | -                             | -                                      |
| (c) intellectual property                            | -                             | -                                      |
| (d) physical non-current assets                      | -                             | 1                                      |
| (e) other non-current assets                         | -                             | -                                      |
| 1.11 Loans to other entities                         | -                             | -                                      |
| 1.12 Loans repaid by other entities                  | -                             | -                                      |
| 1.13 Other (Security Deposits and Rental Bonds)      | -                             | (88)                                   |
| <b>Net investing cash flows</b>                      | <b>(34)</b>                   | <b>(160)</b>                           |
| 1.14 <b>Total operating and investing cash flows</b> | <b>(3,810)</b>                | <b>(12,885)</b>                        |
| <b>Cash flows related to financing activities</b>    |                               |  |
| 1.15 Proceeds from issues of shares, options, etc.   | 5,143                         | 13,440                                 |
| 1.16 Proceeds from sale of forfeited shares          | -                             | -                                      |
| 1.17 Proceeds from borrowings                        | -                             | -                                      |
| 1.18 Repayment of borrowings                         | -                             | -                                      |
| 1.19 Dividends paid                                  | -                             | -                                      |
| 1.20 Other   | -                             | -                                      |
| <b>Net financing cash flows</b>                      | <b>5,143</b>                  | <b>13,440</b>                          |
| <b>Net increase (decrease) in cash held</b>          | <b>1,333</b>                  | <b>555</b>                             |
| 1.21 Cash at beginning of quarter/year to date       | 7,732                         | 8,510                                  |
| 1.22 Exchange rate adjustments to item 1.20          | -                             | -                                      |
| 1.23 <b>Cash at end of quarter</b>                   | <b>9,065</b>                  | <b>9,065</b>                           |

**Notes:**

- 1.15 Proceeds (\$5.1M) from the issue of 23,590,743 ordinary shares (tranche 1) as announced to the ASX 30 May 2016 and relating to a total capital raise of \$13.3M (before costs). Shareholders approved tranche 2, comprising of the remaining 34,138,005 ordinary shares, on 14 July 2016.

+ See chapter 19 for defined terms.

## Payments to directors of the entity and associates of the directors

## Payments to related entities of the entity and associates of the related entities

|      |  | Current quarter<br>\$A'000 |
|------|--|----------------------------|
| 1.24 | Aggregate amount of payments to the parties included in item 1.2 | (190)                      |
| 1.25 | Aggregate amount of loans to the parties included in item 1.11   | -                          |

### 1.26 Explanation necessary for an understanding of the transactions

Director's salaries, director's fees, social security payments and superannuation.

## Non-cash financing and investing activities

### 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

### 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

## Financing facilities available

Add notes as necessary for an understanding of the position.

|   | Amount available<br>\$A'000 | Amount used<br>\$A'000 |
|---|-----------------------------|------------------------|
| 3.1 Short-term loan facilities <sup>2</sup> | -                           | -                      |
| 3.2 Credit standby arrangements             | -                           | -                      |

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

---

Reconciliation of cash

| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. |  | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|---|--|----------------------------|-----------------------------|
| 4.1   | Cash on hand and at bank   | 9,065                      | 7,732                       |
| 4.2   | Deposits at call   | -                          | -                           |
| 4.3   | Bank overdraft   | -                          | -                           |
| 4.4   | Other (Term deposits callable with less than 3 months notice, less short-term borrowings secured against existing term deposits) |                            |                             |
| <b>Total: cash at end of quarter (item 1.23)</b>  |  | 9,065                      | 7,732                       |

**Acquisitions and disposals of business entities**

|     | Acquisitions<br>(Item 1.9(a))             | Disposals<br>(Item 1.10(a)) |
|-----|---|-----------------------------|
| 5.1 | Name of entity                            |                             |
| 5.2 | Place of incorporation or registration    |                             |
| 5.3 | Consideration for acquisition or disposal |                             |
| 5.4 | Total net assets                          |                             |
| 5.5 | Nature of business                        |                             |

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Director

Print name: Trent Telford

Date: 29 July 2016

---

+ See chapter 19 for defined terms.

## 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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

---

+ See chapter 19 for defined terms.