



Fluence Corporation Limited (ASX: FLC)

ASX Appendix 4C Statement of Cash Flows – June Q 2017

July 31, 2017 - Melbourne, Australia & New York, USA

Fluence Corporation Limited (ASX: FLC) is pleased to release the attached ASX Appendix 4C Statement of Cash Flows – June Quarter 2017.

1 Summary of key achievements during the June quarter

On 26 May 2017, the Company and RWL Water LLC announced a binding agreement to combine the two groups to form Fluence Corporation Limited. The merger was completed on 14 July 2017.

Other key achievements by the former Emefcy group for the June Quarter included:

- Deployment of the MABR Wastewater treatment systems in Tianjin - China's fourth-largest city.
 - Shipment of the first two jointly manufactured (Emefcy and RWL) packaged plants to strategic partners in China.
 - US Virgin Islands MABR installation received USA EPA approval, thereby becoming a valuable reference site for the Americas, and China which applies a similar environmental standard.
 - Announcement of intention to merge with RWL Water LLC.
 - First three planned commercial deployments in China announced.
 - High speed MABR production line tested and ready for shipment to China.
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2 Integration of businesses is well advanced

On 14 July 2017, the merger by acquisition with RWL Water LLC was completed to create Fluence Corporation Limited.

The consequent integration of both organizations, involving more than 300 highly trained water professionals around the globe with experience in over 70 countries is well advanced.

Now headquartered in New York, and listed on the Australian Securities Exchange, the group has a significant presence in China, USA, Israel, Argentina, Brazil, Mexico and Italy as well as regional offices in France, Dubai and Australia.

The former Emefcy Israel business unit has been reconfigured into a global Product and Innovation group to leverage the research and development expertise that created the award winning MABR technology.

As previously announced, the immediate focus for Fluence is to deliver on the stated strategies of developing the China MABR business, promoting smart packaged plant wastewater treatment solutions along with other Fluence products in our key geographies, and achieving the revenue target for the combined group for the current year.

An interim business update will be provided with the half year results at the end of August.

3 Notes about the June 2017 Quarterly Report

The ASX Appendix 4C Statement of Quarterly Cash Flows has been prepared on the following basis:

The reported cashflows are for the former Emefcy Group and do not include any cashflows of the RWL Water group which was acquired on 14 July 2017.

Cash and cash equivalents at 30 June 2017 were US\$15.37M (31 March 2017: US\$19.8M) which does not include RWL Water LLC group but does include a number of one off transactions relating to the merger.

The proceeds of the shareholder approved private placement to interests associated with Mr. Ronald Lauder of US\$20M were received after the end of the quarter on 14 July 2017 and are not included in the reported bank balances.

The detailed ASX report is attached.

About Fluence Corporation

Fluence Corporation's vision is to become a leading global provider of fast to deploy decentralized and packaged water and wastewater treatment solutions, already an estimated A\$17 billion market in 2016, excluding the China rural market opportunity. Fluence has experience in operating in over 70 countries worldwide and employs more than 300 highly trained water professionals around the globe. Fluence provides local, sustainable treatment and reuse solutions while empowering businesses and communities worldwide to make the most of their water resources.

Fluence offers an integrated range of services across the complete water cycle, from early stage evaluation, through design and delivery to ongoing support and optimization of water related assets. With planned core operations in North America, South America, the Middle East and Europe, one of Fluence's main focuses will be expanding into the vast market in China for rural wastewater treatment.

For further information, please contact:

Fluence Corporation Limited

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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

Fluence Corporation Limited formerly known as Emefcy Group Limited

ABN

52 127 734 196

Quarter ended ("current quarter")

30th June 2017

Consolidated statement of cash flows Refer Notes A & B	Current quarter \$USD'000	Year to date (6 months) \$USD'000
1. Cash flows from operating activities		
1.1 Receipts from customers	246	316
1.2 Payments for		
(a) research and development	(117)	(238)
(b) product manufacturing and operating costs	(2,143)	(2,954)
(c) advertising and marketing	(171)	(282)
(d) leased assets	(273)	(369)
(e) staff costs	(1,078)	(2,043)
(f) administration and corporate costs	(1,249)	(2,482)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	(3)	(5)
1.6 Income taxes paid	(3)	(3)
1.7 Government royalties	(3)	(15)
1.8 Other (provide details if material)	(2)	(2)
1.9 Net cash from / (used in) operating activities	(4,794)	(8,074)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(615)	(615)
	(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	Other (provide details if material)	54	54
2.6	Net cash from / (used in) investing activities	(561)	(561)

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	775	775
3.4	Transaction costs related to issues of shares, convertible notes or options	(6)	(6)
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)	-	4
3.10	Net cash from / (used in) financing activities	769	773

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	19,839	22,986
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,794)	(8,074)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(561)	(561)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	769	773
4.5	Effect of movement in exchange rates on cash held	119	248
4.6	Cash and cash equivalents at end of quarter	15,372	15,372

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 \$USD'000	Previous quarter \$USD'000
5.1	Bank balances	15,372	19,839
5.2	Call deposits	-	-
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)	15,372	19,839

6. Payments to directors of the entity and their associates

**Current quarter
\$USD'000**

6.1 Aggregate amount of payments to these parties included in item 1.2

203

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

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6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Salaries, director's fees and consulting fees at normal commercial rates.
Excludes GST where applicable.

7. Payments to related entities of the entity and their associates

**Current quarter
\$USD'000**

7.1 Aggregate amount of payments to these parties included in item 1.2

-

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

-

8. Financing facilities available

Add notes as necessary for an understanding of the position

**Total facility amount
at quarter end
\$USD'000**

**Amount drawn at
quarter end
\$USD'000**

8.1 Loan facilities

-

-

8.2 Credit standby arrangements

-

-

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.

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9. Estimated cash outflows for next quarter	\$USD'000
9.1 Research and development	See * below
9.2 Product manufacturing and operating costs	
9.3 advertising and marketing	
9.4 Leased assets	
9.5 Staff costs	
9.6 Administration and corporate costs	
9.7 Other	
9.8 Total estimated cash outflows	

** As the acquisition of RWL Water LLC was only recently completed, not all of the relevant information is currently available to be able to provide detailed forward estimates for the September 2017 quarter that includes financial information in respect of the combined Fluence group from 14 July 2017.*

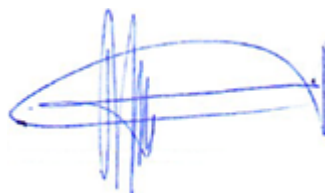
10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

IMPORTANT NOTES TO THE QUARTERLY REPORT

- A On 14 July 2017, the Company successfully completed the merger by acquisition of RWL Water LLC. In connection with the acquisition, the Vendor subscribed to a Private Placement yielding proceeds of USD20 million on 14 July 2017. These proceeds are not included in the financial information in this report.
- B As the acquisition was completed after 30 June 2017, the financial information in this report does not include any financial information pertaining to the RWL Water LLC and its subsidiaries.

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:

Date: 31 July 2017

Company Secretary

Print name: Ross Kennedy

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.