

## **Emefcy Group Limited (ASX:EMC)**

### **ASX Appendix 4C Statement of Cash Flows – September Q 2016**

31 October 2016  
Melbourne Australia and Caesarea Israel

The Company's ASX Appendix 4C Statement of Cash Flows for the September Quarter 2016 is attached.

#### **Key achievements since 1 July 2016 include:**

- Successful completion of a Private Placement of 49,400,000 fully paid ordinary shares at A\$0.64 each to raise A\$31,600,000 before costs, including the introduction of a number of strategic international investment funds to the share register;
- Inauguration of the first municipal scale wastewater treatment plant at Ha-Yogev, Israel
- Publication of the Company's goals with respect to expanding into China, entering into strategic agreements with key advisors and establishing arrangements for a planned high volume manufacturing facility in Jiangsu Province;
- Entering into memoranda of understanding with two strategic partnership / integrators in China; each with potential market reach over five years of up to A\$1 billion. Further strategic agreements are anticipated.
  - The first Emefcy MABR system, paid for by Wuxi Municipal Design Institute in China, has been manufactured and shipped to China.

#### **Key points to note in relation to the Appendix 4C included:**

- Net proceeds from the Private Placement were USD 22.6M;
- Research and development, and operating activities accelerated following the success of the placement with field testing of next generation Sabre modules having commenced;
- A debt payable to True North on the achievement of the First Vendor Milestone was paid in full;
- Customer receipts increased quarter on quarter;
- Cash and cash equivalents as at 30 September 2016 amounted to USD 25.4M; and
- The ASX Appendix 4C Statement of Cash Flows attached is presented in US dollars.

For further information, please contact:

USA	Richard Irving Executive Chairman E: richard@emefcygroup.com      T: +1 408 3829790
Israel	Eytan Levy Managing Director & CEO E: eytan@emefcygroup.com      T: +972 4-6277555
Australia	Ross Kennedy Company Secretary and Advisor to the Board E: rossk@emefcygroup.com      T: +61 409 524 442

### About Emefcy Group Limited (EMC)

Emefcy develops, manufactures and markets innovative, energy-efficient MABR based wastewater treatment solutions, aiming to change the economics of various markets and addressing the growing global demand for clean water for municipalities, resorts, commercial properties, and industrial plants.

Emefcy's advanced manufacturing facility in Israel is equipped with state of the art production machinery, and is currently producing second generation MABR based wastewater solutions enabling the Company to control the quality and meet the quantity requirements of its current global markets and initial anticipated orders for China. Higher volume manufacturing facilities are being implemented in China.

With several global innovation awards and a strong scientific background, Emefcy is at the forefront of the next generation of MABR based wastewater treatment. MABR-based wastewater treatment plants have been operating in Israel for up to two years, and customer contracts have been signed in the US Virgin Islands, Ethiopia, and China. Additional MABR based wastewater solutions from Emefcy's extensive R&D operations are anticipated to be announced in the coming year.

Emefcy Group Limited (ASX: EMC) is a public company traded on the Australian Stock Exchange.

Visit our website: [www.emefcy.com](http://www.emefcy.com)

## 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**

Emefcy Group Ltd

**ABN**

52 127 734 196

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

30<sup>th</sup> September 2016

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$USD'000</b>	<b>Year to date (9 months) \$USD'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	259	462
1.2 Payments for		
(a) research and development	(406)	(846)
(b) product manufacturing and operating costs	(370)	(965)
(c) advertising and marketing	(50)	(190)
(d) leased assets	(71)	(142)
(e) staff costs	(884)	(1,568)
(f) administration and corporate costs	(754)	(1,491)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	13	17
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(1)	(2)
1.7 Government grants and tax incentives	(16)	(16)
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,280)</b>	<b>(4,741)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(130)	(130)
	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(130)</b>	<b>(130)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	22,796	22,796
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	67	155
3.4	Transaction costs related to issues of shares, convertible notes or options	(188)	(188)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(1,000)	(1,000)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	(21)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>21,675</b>	<b>21,742</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 quarter/year to date	6,097	8,511
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,280)	(4,741)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(130)	(130)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	21,675	21,742
4.5	Effect of movement in exchange rates on cash held	47	27
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>25,409</b>	<b>25,409</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 \$USD'000</b>	<b>Previous quarter \$USD'000</b>
5.1	Bank balances	25,409	6,097
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>25,409</b>	<b>6,097</b>

**6. Payments to directors of the entity and their associates**

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

<b>Current quarter \$USD'000</b>
563
-

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 <i>Add notes as necessary for an understanding of the position</i>	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.		
-		

9. Estimated cash outflows for next quarter	\$USD'000
9.1 Research and development	283
9.2 Product manufacturing and operating costs	285
9.3 advertising and marketing	80
9.4 Leased assets	90
9.5 Staff costs	400
9.6 Administration and corporate costs	370
9.7 Payment for acquisition of property, plant and equipment and Other	290
<b>9.8 Total estimated cash outflows</b>	<b>1,798</b>

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: .....

Date: 31<sup>st</sup> October 2016

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.