

30 April 2019

ASX Announcement

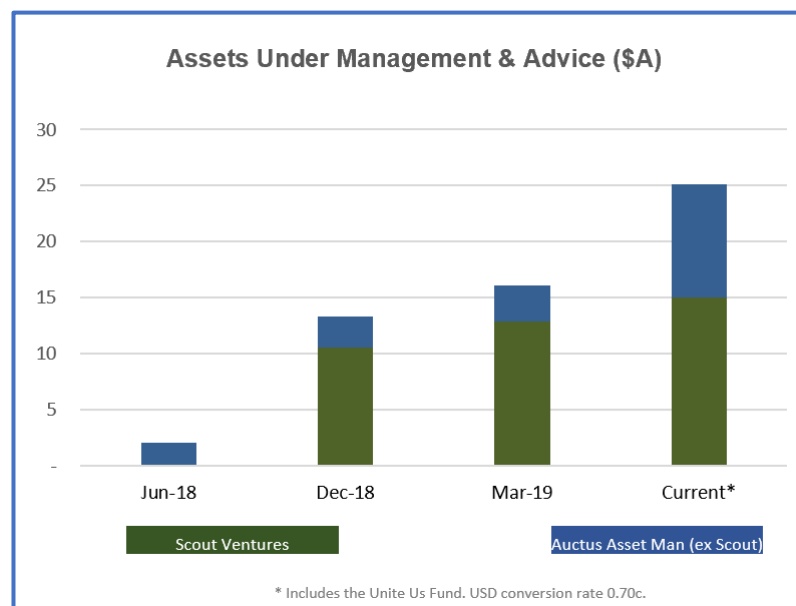
Quarter in Review – March 2019 Appendix 4C

Auctus Alternative Investments Limited ('AVC', 'Auctus' or 'the Company') provides the following update in relation to activities for the March quarter 2019. The Company has released a presentation to be read in conjunction with the below.

Auctus Asset Management Pty Ltd (Previously High Line Alternative Investments Pty Ltd)

Assets under management and advice in Auctus Asset Management performed well in the March quarter, increasing to approximately \$16m. Post the end of the quarter, with the inclusion of the Unite Us Fund* and further subscriptions to Scout Fund III, this has increased to approximately A\$25m.

* More detail on the Unite Us Fund is outlined in App.1 of the AVC May update.



Gophr

As released to the market on 21 March 2019, Auctus and Gophr management have initiated a restructure of the shareholdings in Gophr. This transaction includes a sell down from Auctus and additional investment from third party investors. The Company will make a further release to the market on final execution of these documents, expected over the coming week.

Gophr had a strong quarter from a cash flow perspective, generating approximately £1m in new revenue and positive debtor movements. This accounted for the majority of the consolidated receipts from customers as outlined in the Appendix 4C.

Beyond Media (BM) / Boppl

Auctus continues to review its investment in both businesses.

No substantial revenues have been generated by either business during the quarter.

Cash Position

At the end of the quarter, the Company had approximately \$250k in cash.

As announced to the ASX on 9 April 2019, the Company is raising further capital through the issue of Unsecured Convertible Notes. This process is progressing well, providing an attractive yield to investors while also accessing potential upside in the AVC share price over the next two years. It is noted that the remaining convertible note agreements in relation to the non-binding commitments noted in the previous announcement are proposed to be executed over the coming weeks.

On behalf of the board:

Campbell McComb

For all shareholder enquiries please contact:

enquiries@auctusinvest.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

AUCTUS ALTERNATIVE INVESTMENTS LIMITED (ASX:AVC)

ABN

76 149 278 759

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	2,424	5,629
1.2 Payments for:	-	-
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,175)	(3,853)
(c) advertising and marketing	(64)	(303)
(d) leased assets	-	-
(e) staff costs	(771)	(2,078)
(f) administration and corporate costs	(781)	(1,553)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	3
1.5 Interest and other costs of finance paid	(2)	(35)
1.6 Income taxes (paid) / refunded	3	3
1.7 Government grants and tax incentives	-	162
1.8 Other (provide details if material): Legal settlement	-	(100)
1.9 Net cash from / (used in) operating activities	(366)	(2,125)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1)	(2)
(b) businesses (see item 10)	-	-
(c) investments	-	(693)
(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)	-	-
2.6 Net cash from / (used in) investing activities	(1)	(695)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 Months) \$A'000
3. Cash flows from financing activities			
3.1 Proceeds from issues of shares		360	2,672
3.2 Proceeds from issue of convertible notes		-	-
3.3 Proceeds from exercise of share options		-	-
3.4 Transaction costs related to issues of shares, convertible notes or options		(8)	(34)
3.5 Proceeds from borrowings		132	158
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		484	2,796
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		140	282
4.2 Net cash from / (used in) operating activities (item 1.9 above)		(366)	(2,125)
4.3 Net cash from / (used in) investing activities (item 2.6 above)		(1)	(695)
4.4 Net cash from / (used in) financing activities (item 3.10 above)		484	2,796
4.5 Effect of movement in exchange rates on cash held		1	-
4.6 Cash and cash equivalents at end of quarter		258	258
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		258	140
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)		258	140
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		155	
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			
Directors fees and salaries including payment of invoices and amounts due from prior periods			
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		-	
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			
Not applicable			

8. Financing facilities available Add notes as necessary for an understanding of the position	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	130	130

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.

As per the announcement made on 9 April 2019, the company received \$130,000 of convertible notes. Details of the key terms of the Notes are as follows:

- 8% interest accruing from the date of issue of the Notes, with interest being payable at the election of the Note holder either:
 - o Quarterly in arrears in cash; or
 - o Compounding and repayable either in shares upon conversion of the Notes or in cash upon redemption of the Notes.
- Conversion is at the election of the Note holder with the outstanding principal and interest being convertible into fully paid ordinary shares (Shares) with an issue price of \$0.55 (55 cents) per share.
- 24 month term with redemption due on maturity.
- Conversion to shares, and repayment of interest in shares, is subject to shareholder approval (if required) and the issue of a prospectus or cleansing notice.
- Typical events of default which trigger redemption obligations include insolvency events and a breach of the terms of the Notes by the Company.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(1,400)
9.3 Advertising and marketing	(200)
9.4 Leased assets	-
9.5 Staff costs	(800)
9.6 Administration and corporate costs	(550)
9.7 Other (provide details if material): additional investment in Scout	(340)
9.8 Total estimated cash outflows*	(3,290)

*Please note that the estimated cash outflows noted above include cash outflows by Gophr, a subsidiary of Auctus. A restructure of the Company's shareholding in Gophr is currently in progress, and if this was finalised the above estimated cash outflows would be subject to change.

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 / (deficiency)	-	-
10.5 Nature of business	-	-

Acquisition of High Line Alternative Investments Pty Ltd

The Company completed the acquisition of High Line Alternative Investments Pty Ltd during the previous financial year. As at the date of this report 1,50,000 Milestone Shares (post share consolidation) remain outstanding in respect of the acquisition of High Line Alternative Investments Pty Ltd. The Company obtained waivers from the ASX under Listing Rule 7.3.2 to issue these Milestone Shares upon satisfaction of Milestone Targets.

These are detailed as follows:

- *750,000 ordinary fully paid shares (post share consolidation) to be issued if funds held in managed investment trusts or similar entities which are managed by the YNB group or held funds in respect of which the YNB Group acts as investment advisor (Funds Under Management or Advice) exceeds \$10 million on or before 31 December 2018 (Milestone 1 Shares). These shares were issued during the December 2018 quarter.*
- *750,000 ordinary fully paid shares (post share consolidation) to be issued if Funds Under Management or Advice exceed \$17.5 million on or before 30 June 2019 (Milestone 2 Shares). These shares have not yet been issued.*
- *750,000 ordinary fully paid shares (post share consolidation) to be issued if Funds Under Management or Advice exceed \$25 million on or before 31 December 2019 (Milestone 3 Shares). These shares have not yet been issued.*

Each of the tranches of shares referred to above, will be subject to voluntary escrow for a period of 12 months from their respective issue dates.

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.

Signed: 

Dated: Tuesday, 30 April 2019

Company Secretary

Print name: Justin Mouchacca

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.