



ASX ANNOUNCEMENT, 30 January 2018

APPENDIX 4C QUARTERLY CASH FLOW REPORT

HIGHLIGHTS

- **Positive net operating cash flow for 1H18 including \$2.4 million net operating cash flow for the quarter**
- **\$4.8 million cash receipts from customers for the quarter (a 182% increase year on year)**
- **Cash on hand of \$3.9 million at 31st December 2017**
- **Strongest growth to date in terms of order book growth and positive cashflow**
- **Continuing focus on ongoing rollout of proven 'Industry 4.0' technology**

Vivid Technology Limited (ASX: VIV) attaches its Appendix 4C (cash flow report) for the quarter ended 31 December 2017.

Net operating cash flow of \$2.4 million for the quarter was driven by strong growth in customer receipts (\$4.8 million for the quarter) and led to a positive cumulative net operating cash flow of \$0.7 million for the six months to 31 December 2017.

A Research and Development tax incentive rebate of \$0.6m was also received during the quarter.

As identified in the previous quarter, we had a very strong start to a financial year in terms of order book growth, and this momentum has continued into the December quarter resulting in a strong positive cash flow impact.

Vivid Technology Limited **ABN:** 60 120 710 625 **ASX:** VIV
Level 14, 500 Collins Street. Melbourne Vic 3000 | PO Box 24, Collins Street West, Vic 8007
T: +61 3 8625 0500 **F:** +61 3 9629 1624 **E:** info@vividtechnology.com.au
vividtechnology.com.au



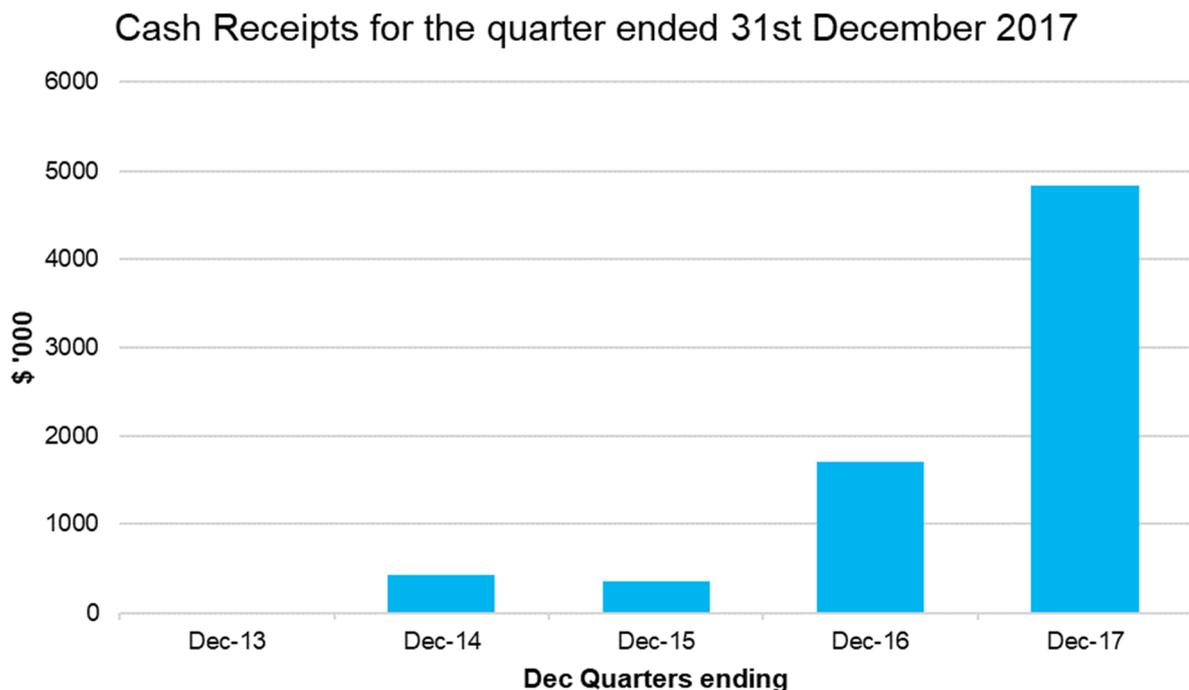
**Businesses of
Tomorrow** 2017 WINNER



NATIONAL
ENERGY EFFICIENCY
AWARDS 2017
WINNER

Strong Customer Receipts

Cash receipts of \$4.8 million for the quarter represented an increase of 182% compared to the PCP (previous corresponding period), and were greater than the total cash receipts for FY17 of \$4.7 million.



These strong customer receipts resulted from successfully converting key wins from both repeat and new blue-chip customers in the FMCG, retail property, health and facilities management sectors. Further new contracts were also won from large local and global multi-site customers.

Strong order book growth over the last six months has been achieved through the successful execution of our corporate strategy which focused efforts around scale-up and growth, through leveraging previous successful implementations of the company's advanced smart lighting solutions across various market segments.

Our relationships with customers continue to evolve and strengthen, as evidenced by the confidence some customers have in prepaying part of their order value. Receipts in advance (for orders to be delivered in 2H18) positively impacted cashflow during the quarter, assisting ongoing growth whilst conserving capital.

The company continues to convert identified near term pipeline opportunities from existing and new customers, for delivery well into 2018. The cumulative customer orders received for FY18 continue to grow, which by 31st December 2017 totalled over \$6 million.

Building for Further Growth

Vivid Technology now has over 732,000 square metres of client area under light installed as at 31st December 2017. The Company continues to invest in expanding its sales and operational capacity, as well as further strengthening its partnership approach both domestically and internationally to support this growth trajectory.

During the quarter, the company successfully transitioned key customer sites to our longer term multi-year service agreements. This will continue to be an ongoing and growing focus across our business, providing the Company with long-term annuity style revenue streams in addition to our CapEx and Lighting-as-a-Service (LaaS – Asset Management) models.

As a technology company, we continue to leverage our unique expertise in smart lighting systems design, Internet of Things (IoT) and data analytics capabilities, providing compelling and unique disruptive solutions for our customers. Our technology underpins the move to Industry 4.0, where data, communication, analytics and algorithms merge and interact to improve operational performance and efficiencies across our customers' businesses.

Leveraging our Klarity™ data analytics capability, which currently collates over 3.3 million data points annually from each intelligent lighting node installed, together with our core IoT communications platform KloudKconnect™, we provide unparalleled insight to help customers optimise their energy and operational efficiency capabilities. The system has been designed to integrate other IoT capable solutions in the future.

As we continue to prove our technologies domestically, our initial success in deploying our systems in international markets grows through referrals from existing and new customers. This was evidenced by another successful smart lighting system contract win in Hong Kong with Kerry Logistics for a warehouse extension during the quarter. These successes will increasingly augment our domestic market growth and continue to validate our technology's adaptability and relevance to global markets.

Technology investment: NewCO2Fuels

NewCO2Fuels focused its 2Q18 activities on the Asian market, with exciting discussions underway with world leading investment and energy groups in key countries and sectors across the region.

Sinopec Engineering Group(SEG) maintained its path towards finalising a commercialisation agreement for commercialising NCFs technology for the Chinese market whilst the technology team in Israel reviewed adjacent opportunities in the growing Hydrogen conversion markets.

Management Commentary

Vivid Technology's Managing Director Samuel Marks said: *"I am very pleased to report our best quarterly cash flow result to date, with customer cash receipts reaching \$4.8m and the company generating positive operating cash flow for the first half. With \$3.9m of cash on-hand as at the end of Q2, it is a solid end to the first half of the financial year.*

"This result is clear evidence that the work and foundations which Vivid Technology has been building around technology, capability, efficiency, product differentiation and commitment to deliver quantifiable and measurable energy savings, are providing results for both our domestic and international customers.

"Our business is at an exciting stage, with the Q2 cash flow reflecting the execution of our planned strategy. As presented during the AGM, we are into the "Growth Phase" of our business, and following our strong Q2 cashflow performance we remain focused on the long term objectives in accordance with this proven strategy. We look forward to updating our shareholders over the rest of this year as we continue to expand our innovative technology and business models locally and overseas."

– ENDS –

About Vivid Technology

Vivid Technology Limited is a diversified Australian-based company with interests in technology focused solutions in the industrial energy efficiency and CO₂-to-fuel conversion markets.

Vivid Technology - <http://www.vividtechnology.com.au>

About Vivid Industrial

Vivid Industrial is a subsidiary of Vivid Technology, providing customised, intelligent and energy efficient cloud based solutions for our growing industrial and infrastructure client base. The "internet of lights" and "cloud based monitoring" delivers quantifiable efficiencies and significant cost savings with environmentally sustainable benefits for our customers.

The business' core technologies are designed for application in warehouses, distribution centres, cold storage facilities, ports, stadiums, car parks, roads and tunnels. Vivid Industrial is a trusted partner to our customer base of blue chip, industrial companies.

Vivid Ilumalite is a business specialising in creating highly effective, energy-saving lighting solutions predominantly for commercial and government clients that generate significant cost savings and reduce environmental impact.

Vivid Industrial - <http://www.vividindustrial.com>

Vivid Ilumalite - <http://www.vividilumalite.com>

About NewCO2Fuels

NewCO2Fuels (NCF) is an Israeli start-up company which was formed in 2011 by a group of scientists and entrepreneurs with the support of Vivid Technology and the Erdi Group.

NCF was formed to develop and commercialise an innovative system to profitably produce fuels from CO₂ and water, using renewable high temperature heat from solar or excess heat from industry. The system is based on a technology previously developed at the Weizmann Institute of Science and exclusively licensed to NCF.

NCF won the World Technology Network award for Energy in November 2014, and has received numerous grants and accolades from governments around the world. Its technology has also been independently validated by several major international engineering and technology consultancy firms.

Vivid Technology's 33% effective economic interest in NCF is represented by its 50% ownership of NCF Global, a company that owns 66% of NCF. The other 50% of NCF Global is owned by the Erdi Group, which is also a shareholder in Vivid Technology.

NewCO2Fuels Website - <http://newco2fuels.co.il/>

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

VIVID TECHNOLOGY LIMITED

ABN

60 120 710 625

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4,841	5,762
1.2 Payments for		
(a) research and development	(28)	(113)
(b) product manufacturing and operating costs	(1,669)	(2,804)
(c) advertising and marketing	(9)	(12)
(d) leased assets	-	-
(e) staff costs	(949)	(1,889)
(f) administration and corporate costs	(421)	(880)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	4
1.5 Interest and other costs of finance paid	(12)	(15)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	625	625
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	2,381	678

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(6)	(10)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(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	(72)	(315)
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(78)	(325)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	1,946
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	(40)	(234)
3.5 Proceeds from borrowings	483	659
3.6 Repayment of borrowings	(322)	(333)
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	121	2,038

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	1,481	1,514
4.2 Net cash from / (used in) operating activities (item 1.9 above)	2,381	678
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(78)	(325)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	121	2,038
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	3,905	3,905

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	3,905	1,481
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)	3,905	1,481

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

**Current quarter
\$A'000**

173

-

Directors' salaries (executive) \$87,417
Directors' fees (non-executive) \$85,775

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

- 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

**Current quarter
\$A'000**

72

Loans advanced to NCF Global Pty Ltd \$72,193

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	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 (Trade Finance Facilities)	500	349
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.		

In June, Vivid Technology announced that it has entered into term sheets for short-term revolving working capital facilities with accessible limits driven by the level of customer account activity from time to time, with the maximum limits available under full use scenario being \$6.0m (comprising up to \$1.0m via a Trade Finance Facility and up to \$5.0m via a Borrowing Base Overdraft facility). During the previous quarter, the first \$0.5m of the trade finance facility was established, which is a secured facility with Moneytech Finance Pty Ltd bearing an interest rate on drawn funds of 9.48% p.a.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	149
9.2 Product manufacturing and operating costs	2,105
9.3 Advertising and marketing	33
9.4 Leased assets	-
9.5 Staff costs	964
9.6 Administration and corporate costs	477
9.7 Other	427
9.8 Total estimated cash outflows	4,183

* The company is an operating business that generates cash inflows each quarter, including receipts from customers. Estimated cash outflows are based on certain assumptions including the level of estimated inflows. The above summary of estimated cash outflows does not reflect the anticipated net cash flows for the following quarter, as it excludes cash inflows (such as receipts from customers).

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Not applicable	Not applicable
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: 
(Director)

Date: 30 January 2018

Print name: Samuel Marks

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.