

ASX ANNOUNCEMENT

APPENDIX 4C: QUARTERLY CASH FLOW REPORT AT 30 SEP 2016

SYDNEY, Australia, 31 October 2016 – Firstwave Cloud Technology Limited [FCT.ASX], an Australian cloud technology company which operates its business in the burgeoning cloud based IT managed security services market, has prepared the attached Appendix 4C, a quarterly report of cash flows, for the quarter ended 30 September 2016 for lodgement with the Australian Securities Exchange pursuant to listing rule 4.7B.

Cash Inflows

FCT closed the quarter with a cash balance of \$4.8m (\$5.9m Q4 FY 2016). Gross customer receipts at \$2.1m were up 61% from \$1.3m in Q4 FY 2016. Cash inflows for the first quarter of the financial year usually exhibits an increase as opposed to the remaining quarters due to customer prepayments of revenue contracts.

Also, included in Q1 cash inflows are \$0.8m of non-recurring platform license income booked in Q4 FY 2016 and realised in Q1 FY 2017.

Cash Outflows

Quarterly cash outflows include payments for fit outs to leasehold premises following an office move into a larger office space, and prepayments to fund web security appliance licenses for the duration of contracts for new customers / accounts.

Staff costs include payroll, superannuation and on-costs totalling \$ 1,466.2K, and this includes once off payments of redundancy \$304K, and FY 2016 staff bonuses of \$224K. Included as staff costs in this quarter are contractor payments of \$278K as we believe this is a fairer representation of our staff costs, in comparison to the previous quarter, where staff costs excluded contractor costs and only included employee payroll costs including super(\$720.7K).

Cash outflows towards non-current assets represent capitalisation of development costs and is disclosed as such as opposed to the previous report which has shown this cost under intellectual property. This approach is consistent with the approach followed in our annual reports and is more accurate representation of the cash flow.

Cash inflows and outflows are reported on a gross basis i.e. inclusive of GST.

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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

FirstWave Cloud Technology Limited [FCT.ASX]

ABN

35 144 733 595

Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,130.1	2,130.1
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(511.5)	(511.5)
(c) advertising and marketing	(26.8)	(26.8)
(d) leased assets	(55.3)	(55.3)
(e) staff costs (see note 5)	(1,788.9)	(1,788.9)
(f) administration and corporate costs	(203.9)	(203.9)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1.9	1.9
1.5 Interest and other costs of finance paid	(2.2)	(2.2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	2.6	2.6
1.9 Net cash from / (used in) operating activities	(454.0)	(454.0)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(376.6)	(376.6)
(b) businesses (see item 10)		
(c) investments		

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(d) intellectual property (capitalised development costs)	(289.1)	(289.1)
(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	(665.7)	(665.7)

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

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	5,894.6	5,894.6
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(454.0)	(454.0)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(665.7)	(665.7)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	4,774.9	4,774.9

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	94.8	5,714.5
5.2	Call deposits	4,500.0	-
5.3	Bank overdrafts	-	-
5.4	Other (deposits backing bank guarantees)	180.1	180.1
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,774.9	5,894.6

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	(205.5)
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	

6.1 above is comprised of director fees paid to 5 directors, and remuneration paid to the Managing Director for the period Jul – Sep 2016.

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	

N/A

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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	300.0	250.2
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	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	600.0
9.3 Advertising and marketing	60.0
9.4 Leased assets	18.0
9.5 Staff costs	1,450.0
9.6 Administration and corporate costs	210.0
9.7 Other (provide details if material)	250.0
9.8 Total estimated cash outflows	2,588.0

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

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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/Company secretary)

Date: 31 October 2016

Print name: Steve O'Brien

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.