

## 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**

CFOAM LIMITED

**ABN**

46 611 576 777

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

30 June 2018

**Reporting is in US\$ being the functional and presentational currency**

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (12 months) \$US'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	169	989
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(341)	(1,165)
(c) advertising and marketing	(8)	(23)
(d) leased assets	(56)	(292)
(e) staff costs	(284)	(999)
(f) administration and corporate costs	(330)	(1,442)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	3
1.5 Interest and other costs of finance paid	(45)	(99)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(895)</b>	<b>(3,028)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1,094)	(2,141)
(b) businesses (see item 10)	-	-

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
	Acquisition of assets under Asset Purchase Agreement	-	-
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	<b>Net cash from / (used in) investing activities</b>	<b>(1,094)</b>	<b>(2,141)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	1,374	4,833
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	-	(228)
3.5	Proceeds from borrowings	913	1,913
3.6	Repayment of borrowings	(488)	(1,602)
3.7	Transaction costs related to loans and borrowings	-	(15)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	<b>Net cash from / (used in) financing activities</b>	<b>1,799</b>	<b>4,901</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	2,123	2,176
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(895)	(3,028)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,094)	(2,141)

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,799	4,901
4.5	Effect of movement in exchange rates on cash held	(54)	(29)
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>1,879</b>	<b>1,879</b>

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 \$US'000	Previous quarter \$US'000
5.1	Bank balances	1,873	1,871
5.2	Call deposits	6	252
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,879</b>	<b>2,123</b>

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

	Current quarter \$US'000
6.1 Aggregate amount of payments to these parties included in item 1.2	38
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	

This relates to the executive director only. No accrued fees were paid to the non-executive directors in the quarter.

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

	Current quarter \$US'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	

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8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$US'000</b>	<b>Amount drawn at quarter end \$US'000</b>
8.1 Loan facilities	2,200	1,913
8.2 Credit standby arrangements	-	-
8.3 Promissory notes	3,150	3,150
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.		

Under the Asset Purchase Agreement, as amended, promissory notes remaining issued are as follows:

- (i) Original US\$800,000 promissory note with a term of 5 years and an interest rate of 3% per annum, and which is secured by a first lien security interest over the Assets. Payable monthly on a reducing principal basis.
- (ii) US\$2,350,000 promissory note which will accrue interest at 2% per annum and be secured by a second lien security interest over the Assets. This promissory note and any accrued interest is payable as follows:
  - (A) US\$450,000 plus all unpaid accrued interest is payable on or before 15 January 2019; and
  - (B) US\$1,900,000 plus all unpaid accrued interest will be paid in full on or before 15 December 2019

Loan facility:

According to the terms, the Summit financing package is composed of two loans. First, a US\$600,000 secured bridge loan at a rate of 4.99% per annum that is to be disbursed during the implementation of the Phase 1 project and is to be repaid upon closing of the US\$1,200,000 loan from WVEDA. The WVEDA loan will be disbursed upon completion of the capital project. Second, is a US\$600,000 secured loan at 6.49% per annum that will complement the bridge loan amount and loan amounts to be granted by WVJIT and WVEDA. Overall, the loans from Summit will enable CFO to cover all the capital expenditures for its Phase 1 capital program, including the capital outlays that have already begun.

In addition, the Company previously closed on the secured loans for a total of \$1,000,000 at 10% per annum being \$600,000 bridge loan and \$400,000 loan that had already been approved by WVJIT.

9. <b>Estimated cash outflows for next quarter</b>	<b>\$US'000</b>
9.1 Research and development	-
9.2 Product manufacturing and operating costs	458
9.3 Advertising and marketing ( <b>included in 9.6</b> )	15
9.4 Leased assets	75
9.5 Staff costs	350
9.6 Administration and corporate costs	507
9.7 Other-Promissory note payment and capital	630
<b>9.8 Total estimated cash outflows</b>	<b>2,035 **</b>

\*\* the above does not take into account expected cash receipts from sales in the quarter and any finance facility drawdowns.

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:      Signed electronically by a Director      Date: 31 July 2018

Print name:      Gary Steinepreis

### 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.