



ASX ANNOUNCEMENT | COVATA LIMITED

ASX Appendix 4C - Quarterly Cash Flow Report

For the quarter ended 31 December 2015

Sydney – 29 January 2016 – Covata Limited (ASX: CVT) attaches the Company's Appendix 4C Quarterly Cash Flow Report for the period ended 31 December 2015.

Covata held \$10.1 million in cash and receivables at 31 December 2015, consisting of \$8.5 million in cash, compared to \$6.0 million at 30 September 2015, and \$1.6 million in AusIndustry/ATO R&D tax incentive relating to the period ending 30 June 2015*. The Group anticipates the receipt of the R&D tax incentive in early February 2016. Previous expectations were that this would be received by 31 December 2015 but slower than expected ATO processing of the Groups 30 June 2015 Income Tax Return has delayed this.

Net operating cash flow for the quarter was (\$4.2 million) compared to (\$2.9 million) for the quarter ended 30 September 2015. This increase is in line with management expectations and was driven by increased global sales efforts, in particular direct sales efforts in the UK and Germany, and non-recurring \$500k research and development expenditure related to Safe Share version 3.0 and the Covata Platform. We invested heavily in research and development during the quarter is aligned with a number of high value sales opportunities currently in the pipeline. Safe Share version 3.0 offers significant new upgrades, including a new look and feel and functionalities that enhance data security and ease-of-use for customers and partners. The new version has been optimized to further enable Telco Partners with secure, easy-to-use file sharing and storage solution for their enterprise and public sector customers.

During the quarter the Group received an investment, net of broker's fees, of \$6.5 million from Fidelity International and received \$300k from the exercise of share options and repayment of loans relating to employee loan shares.

Please refer to the Investor Update released on the ASX as a standalone announcement for further information pertaining to the last quarter's activities and ongoing business objectives and via the investor relations section of the company's website at www.covata.com.

* All dollar amounts are in AUD

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About Covata

Covata enables true ownership and control over your data in the cloud and over mobile services. We deliver data-centric security solutions without compromising simple usability, providing true end-to-end security. Your data is always protected wherever it may travel – inside your network, beyond the domain, to mobile devices and to the cloud – with granular access controls that extend to external users, view-only restrictions, real-time revocation and complete visibility and auditability.

Own Your Data, control your data and choose where it is stored – with complete assurance that it is protected and secure. For further information please visit Covata.com.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

COVATA LIMITED

ABN

61 120 658 497

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from customers	25	28
1.2	Payments for (a) staff costs	(2,043)	(3,790)
	(b) advertising and marketing	(124)	(268)
	(c) research and development	(574)	(606)
	(d) leased assets	-	-
	(e) other working capital	(1,710)	(2,720)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	196	236
1.5	Interest and other costs of finance paid	(4)	(7)
1.6	Income taxes paid	-	-
1.7	Other (R&D concession receipt)	-	-
	Net operating cash flows	(4,234)	(7,127)

Notes:

- 1.2 (c) The Current Quarter payments for research and development include \$500k of non-recurring expenditure related to Safe Share version 3.0 and The Covata Platform. Safe Share version 3.0 offers significant new upgrades, including new look and feel and functionalities that enhance data security and ease-of-use for customers and partners. The new version has been optimised to further enable Telco Partners with secure, easy-to-use file sharing and storage solution for their Enterprise and Public Sector customers.
- 1.7 Other (R&D concession receipt) The Group anticipates the receipt of a \$1.6 million R&D tax incentive, relating to the period ending 30 June 2015, in early February 2016.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(4,234)	(7,127)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5) ¹	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(11)	(32)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	1
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (Security Deposits and Rental Bonds)	(36)	(169)
Net investing cash flows	(47)	(200)
1.14 Total operating and investing cash flows	(4,281)	(7,327)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	6,845	7,345
1.16 Proceeds from sale of forfeited shares	-	
1.17 Proceeds from borrowings	-	
1.18 Repayment of borrowings	-	
1.19 Dividends paid	-	
1.20 Other	-	
Net financing cash flows	6,845	7,345²
Net increase (decrease) in cash held	2,564	18
1.21 Cash at beginning of quarter/year to date	5,964	8,510
1.22 Exchange rate adjustments to item 1.20		-
1.23 Cash at end of quarter	8,528	8,528

Notes:

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	(194)
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
	Director's salaries, director's fees, social security payments and superannuation.	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Short-term loan facilities ¹	-	-
3.2 Credit standby arrangements	-	-

1. Short-term loan facility secured against term deposit of \$7million was closed during the quarter.

+ See chapter 19 for defined terms.

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Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	8,528	1,264
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (Term deposits callable with less than 3 months notice, less short-term borrowings secured against existing term deposits)		4,700
Total: cash at end of quarter (item 1.23)		8,528	5,964

Acquisitions and disposals of business entities

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity		
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

Director

Print name: Trent Telford

Date: 29 January 2015

+ See chapter 19 for defined terms.

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.