

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

K2fly Ltd

ABN

69 125 345 502

Quarter ended ("current quarter")

30 June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,564	4,236
1.2 Payments for		
(a) research and development	(29)	(145)
(b) costs of services sold, commissions and operating costs	(974)	(3,171)
(c) advertising and marketing	(20)	(133)
(d) leased assets	-	-
(e) staff costs	(306)	(1,252)
(f) administration and corporate costs	(218)	(1,243)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (Research & Development refund)	82	143
1.8 Other (GST paid)	(37)	(170)
1.8 Other (Movement of restricted cash)	-	39
1.9 Net cash from / (used in) operating activities	62	(1,696)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(6)	(15)
(b) businesses (see item 10)	(450)	(450)
(c) investments	-	-
(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 (acquisition related costs)	(25)	(25)
2.6 Net cash from / (used in) investing activities	(481)	(490)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	800	2,612
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	2
3.4 Transaction costs related to issues of shares, convertible notes or options	(17)	(125)
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	783	2,489

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
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	705	774
4.2 Net cash from / (used in) operating activities (item 1.9 above)	62	(1,696)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(481)	(490)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	783	2,489
4.5 Effect of movement in exchange rates on cash held	(10)	(18)
4.6 Cash and cash equivalents at end of quarter	1,059	1,059

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	1,059	705
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)	1,059	705

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	115
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	

Director fees (exclusive of GST), salary and superannuation.

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	

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 (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.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	49
9.2 Product manufacturing and operating costs	988
9.3 Advertising and marketing	68
9.4 Leased assets	-
9.5 Staff costs	434
9.6 Administration and corporate costs	322
9.7 Other	-
9.8 Total estimated cash outflows	1,861*

The figures contained in table 9 are exclusive of GST.

* This is an estimate of the total cash outflows of the Company for the next quarter and does not take into account any anticipated receipts from customers received during the quarter so is not representative of the cash burn of the Company.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Prodmark Pty Ltd and associated entities (refer ASX announcements 7 May 2019 and 3 June 2019)	-
10.2 Place of incorporation or registration	South Africa	-
10.3 Consideration for acquisition or disposal	\$450,000 ¹	-
10.4 Total net assets	\$450,000 ²	-
10.5 Nature of business	RCubed Resources and Reserve Reporting software	-

¹ Cash consideration of \$450,000 was paid for the acquisition of which \$431,200 was ascribed to the intellectual property rights associated with the RCubed Resources and Reserve Reporting software and \$18,800 was the fair value of tangible fixed assets acquired as part of the business combination.

² In accordance with the terms of the Agreement, and subject to the retainment and performance of key operational employees (Key Executives) remaining employed by the Company, the Key Executives shall have the facility to share in certain incentive payments linked to the achievement of performance milestones (refer ASX announcement 7 May 2019 for details).

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: Date:31 July 2019.....
Company secretary

Print name:Melissa Chapman.....

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.