

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

Bulletproof Group Limited

ABN

80 148 142 634

Quarter ended ("current quarter")

31 March 2015

### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers (note 1)	6,509	17,567
1.2 Payments for		
(a) staff costs (note 2)	(3,182)	(7,993)
(b) advertising and marketing	(139)	(339)
(c) research and development	(100)	(411)
(d) leased assets	-	-
(e) other working capital (note 3)	(3,060)	(8,633)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	6	42
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Others	-	-
<b>Net operating cash flows</b>	<b>34</b>	<b>233</b>

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	Current quarter	Year to date (9 months)
	\$A'000	\$A'000
<b>1.8 Net operating cash flows (carried forward)</b>	<b>34</b>	<b>233</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (note 4)	-	(700)
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets (note 5)	(67)	(218)
(e) other non-current assets (note 6)	(1,072)	(2,341)
1.10 Proceeds from disposal of:		
(a) businesses	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(1,139)</b>	<b>(3,259)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(1,105)</b>	<b>(3,026)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from acquisition of business	-	-
1.16 Proceeds from issue of shares (note 7)	134	5,853
1.17 Proceeds from borrowings	-	-
1.18 Repayment of Hire Purchases	(587)	(2,036)
1.19 Dividends paid	-	-
1.20 Other - Capital Raising Cost (note 7)	-	(284)
<b>Net financing cash flows</b>	<b>(453)</b>	<b>3,533</b>
<b>Net increase(decrease) in cash held</b>	<b>(1,558)</b>	<b>507</b>
1.21 Cash at beginning of quarter/year to date	4,321	2,252
1.22 Exchange rate adjustments to item 1.20	(16)	(12)
1.23 <b>Cash at end of quarter</b>	<b>2,747</b>	<b>2,747</b>

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**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	32
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 Fees 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. (See AASB 1026 paragraph 12.2).*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities (Hire Purchase)	5,100	1,979
3.2	Credit standby arrangements		

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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	511	1,037
4.2	Deposits at call	486	1,034
4.3	Term deposits	1,750	2,250
4.4	Bank overdraft		
<b>Total: cash at end of quarter</b> (item 1.23)		<b>2,747</b>	<b>4,321</b>

**Additional Notes**

1. Receipts from customers

A system error in January resulted in some invoices not being sent until end of February, which had a ~\$200k impact on customer receipts for the period. All of the overdue receivables have since been collected.

Customer revenues continue to grow each quarter, and – given that cash receipts lag revenue in the ordinary course of the receivables cycle – customer receipts will be materially lower than revenues for each reporting period.

2. Payment for staff costs

Current quarter includes hiring and employment costs for extra sales and pre-sales resources, for the purposes of growth (anticipated to begin to generate revenue from Q4 FY15). Expenses for staff hired for these 'growth objectives' were \$131k for the quarter, and for the year to date were \$500k. In addition to the 22 FTE acquired with Pantha Corp, a further 31 FTE were added to end Q3 FY15.

3. Payment for other working capital

Working capital in the current quarter is primarily made up of payments to Amazon Web Services (associated with the managed cloud platform) and to other service providers for managed hosting platform costs. Statutory and office expenses make up around 20% of the cost. Working capital also included prepaid expenses for annual licensing paid during the current quarter.

4. Payment for acquisition of businesses

On 11 December 2014, Bulletproof Networks acquired the assets of Pantha Corp. The upfront payment of \$800k and initial costs for the period were reduced in cash terms to \$700k, given the transfer of employee leave liabilities as at the transaction date. For further information please refer to ASX announcement 11 December 2014: Bulletproof acquires Pantha Corp.

5. Physical non-current assets

Primarily for the purchase of plant to fit out new data centre space.

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6. Other non-current assets

Current quarter includes \$775k of Amazon Web Services Reserved Instances, purchased to support existing customers; to be amortised over a three year period. A further \$252k was spent on product development to be amortised over an average two year period commencing when products are ready for sale.

Year to date \$1.78m has been spent on Amazon Web Services Reserved Instances. This forward commitment ensures available capacity and assists to increase Bulletproof's gross margin on Managed Cloud services. Investment in Product development year to date equals \$562k and is expected to generate future revenues. The remaining spend relates to the configuration of NetSuite ERP system to assist with increased business growth; to be amortised over a five year period.

7. Proceeds from Issue of Shares

Current quarter includes payment for 667,598 options exercised at 20c per share on 6 February 2015.

Year to date proceeds include 5,000,000 broker options exercised on 15 July 2014 at 20c per option and 14,248,700 shares issued at 30c per share on 18 September 2014 from an Institutional Placement announced on 15 September 2014. Capital raising costs associated with the placement amounted to \$284k. Additionally, 1,483,337 shares were issued at 30c per share on 8 October 2014 from the Share Purchase Plan (SPP) announced on 15 September 2014. Capital raising costs associated with this plan amounted to \$20k.

### 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 does give a true and fair view of the matters disclosed.

Sign here:

  
(Company secretary)

Date: 23 April 2015

Print name: Kylie Turner

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