



ASX ANNOUNCEMENT | TESSERENT LIMITED

MELBOURNE – 31st OCTOBER 2017

APPENDIX 4C – QUARTERLY AND ACTIVITIES REPORT

Tesseract Limited (ASX:TNT) is pleased to update the market on key achievements during the September quarter.

KEY POINTS:

- Tesseract's core business continues to demonstrate growth, with quarterly customer cash receipts up 6.5% as compared to September quarter 2016, despite no longer including Blue Reef revenue.
- As at the end of September, the company has a strong revenue foundation with \$5M of signed contracts yet to be invoiced.
- Reduced underlying operating expenses.
- Cash expenses in the September quarter included annual OEM pre-payments, the benefits of which will be realised over the balance of the financial year.
- Inventory expense has been amplified in preparation of the CyberBiz campaign launch and rollout of the reseller sales model. As the launch campaign began at the end of October, CyberBiz revenue will impact the December and later quarters. Tesseract will provide future updates regarding the progress of the campaign.
- The company received \$301K R&D tax incentive and expects to receive a further \$542K during December quarter.
- Cash balance as at end of September quarter \$1.947M.

Tesseract Limited (ASX:TNT) is pleased to deliver the September quarterly Financial and Activities Report, highlighted by an increase in annual customer receipts, reduced normalised operating costs and a healthy cash position. The company will provide a detailed update to shareholders prior to the AGM to be held on Wednesday 22nd November.

ABOUT TESSERENT

Tesseract is a specialist in managed cyber security. Tesseract manages direct end-customers in Australia while also offering managed security services via channel partners in Australia and wholesale partners globally, enabling them to deliver effective cyber-security management to their end-customers.



TESSERENT

For more information, please visit the company's web site at www.tesseract.com.

CONTACT

Please forward all investor related enquiries to Company Secretary.

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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

TESSERENT LIMITED

ABN

13 605 672 928

Quarter ended ("current quarter")

30 SEPTEMBER 2017

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	1,320	1,320
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(30)	(30)
(d) leased assets	(65)	(65)
(e) staff costs	(725)	(725)
(f) administration and corporate costs	(1,883)	(1,883)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	12	12
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	301	301
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,072)	(1,072)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(42)	(42)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(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	200	200
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other	-	-
2.6 Net cash from / (used in) investing activities	158	158

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	2,861	2,861
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,072)	(1,072)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	158	158
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-

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	1,947	1,947

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	1,197	2,789
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Term Deposit)	750	72
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,947	2,861

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

**Current quarter
\$A'000**

119

-

- Executive Director salaries
- Director fees

Includes amounts paid to entities associated with the Directors

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

- 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

**Current quarter
\$A'000**

-

-

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.		

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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	-
9.3 Advertising and marketing	120
9.4 Leased assets	63
9.5 Staff costs	694
9.6 Administration and corporate costs	979
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	1,856

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.



31 October 2017

Sign here:
(Director/Company secretary)

Date:

Print name: Oliver Carton

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.