



30 October 2012

ASX Market Announcements  
Australian Securities Exchange  
20 Bridge Street  
SYDNEY NSW 2000

#### APPENDIX 4C – Q1FY13 QUARTERLY CASH FLOW STATEMENT

Please find attached the Appendix 4C “Quarterly Report” for Adept Solutions Limited (**Adept Solutions or Company**) for the quarter to 30 September 2012 (**Q1FY13**).

The following are additional explanatory notes to be read in conjunction with the Report.

The first financial quarter, covering July to September, is traditionally the softest quarter of the year for gift card sales which still reflect a significant portion of revenues. Additionally, cash outflows from operations were adversely affected in the Q1FY13 quarter by a timing delay between receiving payment (Q2FY13) and funding (Q1FY13) a large single order of 30,000 cards.

The proceeds of \$330,000 were received shortly after the Q1FY13 quarter end, and that inflow, along with a number of other large inflows described below, cost control measures that are being implemented and increased revenues supported by the strong growth in revenue metrics (see table 2), have resulted in continued quarterly improvements (see table 1) and are expected to continue to result in improvement in underlying cash outflows.

In reviewing the Company's short-term cash flows, the directors note that the Company expects to receive the following large inflows in the next 6 months:

- proceeds of approximately **\$330k** were received in October 2012 from an order of 30,000 cards that were produced and funded by Adept in Q1FY13;
- a tax refund of approximately **\$500k** in Q2FY13 from the R&D Tax Concession program for FY12 reflecting the large investment we have made in the prior financial year in our platform and product development initiatives that we believe will generate revenues in the coming years;
- **\$125k** for the sale of Adept Solutions' Northern Territory mining tenement was received in Q2FY13 (with a further \$400k expected to be received in FY14 pending the purchaser entering the asset into production);
- proceeds of **\$50k** for the sale of the Johnnycake tenement. \$10k was received in October 2012 with the balance expected by Q2FY13 pending approval from the Queensland Department of Mines and Energy;

The directors are satisfied that the Company has adequate funding, that its current balance sheet is sound, and that the Company complies with Listing Rule 12.2.

For personal use only

The table below summarises the quarterly progress, with key inflows and outflows described in further detail below.

*Table 1: quarterly cash flow summary*

<b>\$ Thousands</b>	<b>Q1FY12</b>	<b>Q1FY13</b>
Operations	(2,679)	(1,154)
<i>% Change on prior comparative quarter</i>	<i>n/a</i>	<i>(57%)</i>
Investing	(1,450)	(16)
<i>% Change on prior comparative quarter</i>	<i>n/a</i>	<i>(99%)</i>
Financing	132	2,456
<i>% Change on prior comparative quarter</i>	<i>n/a</i>	<i>1,760%</i>
<b>Total inflows (outflows)</b>	<b>(3,997)</b>	<b>1,285</b>

#### Cash outflows from operations

Cash outflows from operations have improved over the prior comparative quarter largely driven by the growth in revenue metrics (table 2). Despite the improvements, Q1FY13 was adversely affected by the delay in receiving payment for a large customer order. Those proceeds received in Q2FY13, along with an expected tax refund in Q2FY13 of approximately \$500k from the R&D Tax Concession program for FY12, cost control measures and the continued focus on the growth in revenues are expected to result in a significant improvement in operational cashflow.

*Table 2: emerchants key operating metrics*

<b>Thousands</b>	<b>Q1FY12</b>	<b>Q1FY13</b>
No. Cards activated	137	232
<i>% Change on prior comparative quarter</i>	<i>n/a</i>	<i>69%</i>
\$ Funds loaded (new and existing accounts)	\$19,240	\$27,510
<i>% Change on prior comparative quarter</i>	<i>n/a</i>	<i>43%</i>
No. Revenue generating transactions	439	754
<i>% Change on prior comparative quarter</i>	<i>n/a</i>	<i>72%</i>
\$ Funds under management	\$10,595	\$16,428
<i>% Change on prior comparative quarter</i>	<i>n/a</i>	<i>55%</i>

#### Cash outflows from Investing activities

As previously indicated in earlier submissions, Management expect the net cash outflows from investing activities to be minimal over the next 12 months and directly revenue dependant, with outflows on future product development largely offset by further inflows from:

- **\$125k** in October 2012 for the Northern Territory mining tenement, with the remaining \$400k expected to be received in FY14;
- proceeds of **\$50k** for the sale of the Johnnycake tenement. \$10k was received in October 2012 with the balance expected by Q2FY13 pending approval from the Queensland department of Mines and Energy; and
- the Company continues to explore opportunities to sell its South Australian tenement at a price in the best interests of the Company.

#### Cash outflows from Financing activities

Adept Solutions received approximately \$2.5m net of fees in Q2FY13 from its recent rights issue and private placement. No further financing activities are expected in the near term as the Board considers the current funding and capital structure appropriate based on the Company's operating outlook.

**-ENDS-**

For more information, please contact:

**Bob Browning**  
Chairman  
Adept Solutions  
Ph: + 61(0)8 6143 2050

**Tom Cregan**  
Chief Executive Officer  
Adept Solutions  
Ph: + 61(0)8 6143 2050

**Bruce Stewart**  
Chief Financial Officer  
Adept Solutions  
Ph: + 61(0)7 3607 0121

## Appendix 4C

### Quarterly report for entities admitted on the basis of commitments (Parent Company and Exploration-related Subsidiaries)

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

(Internal document only)

Name of entity

Adept Solutions Limited

ABN

93 104 757 904

Quarter ended ("current quarter")

30 September 2012

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from customers	743	743
1.2 Payments for:		
(a) staff costs	(1,541)	(1,541)
(b) advertising and marketing	(25)	(25)
(c) leased assets	(1)	(1)
(d) other working capital	(501)	(501)
(e) accounting and administrative services	-	-
(f) acquisition-related expenses	-	-
(g) exploration expenditure	(20)	(20)
(h) software and systems infrastructure	(151)	(151)
(i) risk and compliance	(124)	(124)
(j) rent and utilities	(116)	(116)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	159	159
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	422	422
<b>Net operating cash flows</b>	<b>(1,154)</b>	<b>(1,154)</b>

+ See chapter 19 for defined terms.

For personal use only

**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)	<b>(1,154)</b>	<b>(1,154)</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets *	(16)	(16)
(e) other non-current assets (deposits) **	-	-
(f) cash included on consolidation of subsidiary	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(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	-	-
<b>Net investing cash flows</b>	<b>(16)</b>	<b>(16)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(1,171)</b>	<b>(1,171)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	2,664	2,664
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	(50)	(50)
1.19 Dividends paid	-	-
1.20 Other – Share Issue costs*	(158)	(158)
<b>Net financing cash flows</b>	<b>2,456</b>	<b>2,456</b>
<b>Net increase (decrease) in cash held</b>	<b>1,285</b>	<b>1,285</b>
1.21 Cash at beginning of quarter/year to date	2,289	2,289
1.22 Exchange rate adjustments to item 1.20	-	-
<b>1.23 Cash at end of quarter</b>	<b>3,575</b>	<b>3,575</b>

\*Share issue costs in the current quarter relate to the payment of fees incurred on issuing the Adept Solutions' prospectus for the rights issue and placement. The proceeds from the rights issue and the placement were received in Q1FY13.

+ 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	220
1.25	Aggregate amount of loans to the parties included in item 1.11	Nil

1.26 Explanation necessary for an understanding of the transactions

Payments to Executive Directors, Non-Executive Directors and Associates of the directors is broken down as follows:	
<u>\$000's</u>	
Directors and Executive Directors fees	207
Superannuation	13
Associates of the directors	-
<b>Total</b>	<b>220</b>

**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

On 21 August 2012 the Board approved the issue to Executives and other staff members 12,000,000 performance based options to take up fully paid ordinary post-consolidation shares of the Company.  
 10,250,000 performance based options were issued on 28 September 2012. The fair value of these equity-settled options was estimated at the date of grant using the Black and Scholes model to be a total of **\$325,758**. That amount is scheduled to be expensed over the 2013, 2014 and 2015 financial years, provided the Company meets certain EBITDA targets in 2015.

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

+ See chapter 19 for defined terms.

For personal use only

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

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

	Amount available \$'000	Amount used \$'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

**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 \$'000	Previous quarter \$'000
4.1 Cash on hand and at bank	676	2,290
4.2 Deposits at call	2,899	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.23)</b>	<b>3,575</b>	<b>2,290</b>

**Acquisitions and disposals of business entities**

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

+ See chapter 19 for defined terms.

For personal use only

### 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:

Managing Director

Date: 30 October 2012

Print name: Tom Cregan

### 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.

For personal use only