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Consolidated Financial
HOLDINGS LIMITED

29 October 2020

September 2020 Quarterly Activities Report and Appendix 4C

Quarterly Activities and Cash Flow

Consolidated Financial Holdings Limited (CWL or the Group) is pleased to announce its September 2020 Quarterly Activities Report:

- The cash balance for the Group at the end of the quarter was approximately $1.0m compared to the cash balance of approximately $16.0m at the end of 30 June 2020. The reduction in cash is attributed to the return of capital payment of $13.8m and costs relating to the sale of the Chant West and Enzumo businesses paid in the September 2020 quarter.
- In accordance with Listing Rule 4.7C.3 the Company advises that the payments to related parties and their associates reported at Section 6 of the September 2020 Appendix 4C relates to executive and non-executive directors' remuneration.

The Group received a tax refund of $0.4m in October from the R&D tax. This is in line with the estimate provided in the Notice of Extraordinary General Meeting and Explanatory (EGM) Statement released 30 July 2020 (NOM).

Other Business

Further to the suspension of Consolidated Financial Holdings Limited (CWL) on 16 October 2020 CWL provides the following update about the current status of its activities.

CWL is currently in the early stages of evaluating a reverse takeover opportunity and will provide an update if the opportunity becomes a binding proposal. CWL is aware of its continuous disclosure obligations under Listing Rule 3.1 and confirms that it is in compliance with its obligations.

Notwithstanding the update above the ASX has informed CWL that its decision to suspend the securities of CWL under Listing Rule 17.3.2 will continue.

For further information contact

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

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Name of entity

CONSOLIDATED FINANCIAL HOLDINGS LIMITED

ABN	**Quarter ended ("current quarter")**
62 119 383 578	30 September 2020

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	-	-
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(3)	(3)
	(d) leased assets	-	-
	(e) staff costs	(494)	(494)
	(f) administration and corporate costs	(507)	(507)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	15	15
1.5	Interest and other costs of finance paid	(2)	(2)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	25	25
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(966)**	**(966)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(3)	(3)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	(330)	(330)
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Term Deposit against bank guarantee	233	233
2.6	**Net cash from / (used in) investing activities**	**(100)**	**(100)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
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	Return of capital payment	(13,841)	(13,841)
3.10	**Net cash from / (used in) financing activities**	**(13,841)**	**(13,841)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	15,957	15,957
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(966)	(966)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(100)	(100)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(13,841)	(13,841)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**1,050**	**1,050**

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	1,050	15,957
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)**	**1,050**	**15,957**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	489
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

	$A'000
Directors Remuneration	489

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(966)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	1,050
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	1,050
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	(1.09)

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: No. There were significant payments in the September 2020 quarter relating to the sales of the Chant West and Enzumo businesses that occurred in the quarter ended 30 June 2020.The net cash used in operating activities is expected to reduce significantly as a result of the sale of businesses.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: No

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes. As previously advised, the Company is currently in the early stages of evaluating a reverse takeover opportunity and will provide an update if the opportunity becomes a binding proposal. The company is expecting to incur costs relating to the due diligence process for the opportunity.

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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.

Date: 29 October 2020

Authorised by: By the board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow 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 cash flow 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.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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