

# 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

**ANAECO LIMITED**

ABN

36 087 244 228

Quarter ended ("current quarter")

31 DECEMBER 2015

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) administration and business development costs	(285)	(1,216)
(b) advertising and marketing	-	-
(c) project expenditure	(1,693)	(3,233)
(d) leased assets	-	-
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	5
1.5 Interest and other costs of finance paid	(2)	(3)
1.6 GST refund received	60	73
1.7 Other - R&D tax rebate (relating to the 2015 income tax year)	4,448	4,448
<b>Net operating cash flows</b>	<b>2,531</b>	<b>74</b>

+ See chapter 19 for defined terms.

**Appendix 4C**  
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	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	<b>2,531</b>	<b>74</b>
<b>1.9 Cash flows related to investing activities</b>		
Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property/software	-	-
(d) physical non-current assets	(3)	(3)
(e) other non-current assets (capitalised technology development expenditure)	-	-
<b>1.10 Proceeds from disposal of:</b>		
(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 Funds released from (placed on) deposit	-	-
<b>Net investing cash flows</b>	<b>(3)</b>	<b>(3)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>2,528</b>	<b>71</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.15a Costs of fundraising	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	1,550	3,650
1.18 Repayment of borrowings	(3,600)	(3,600)
1.19 Dividends paid	-	-
1.20 Other – share application monies (rights issue)	-	-
<b>Net financing cash flows</b>	<b>(2,050)</b>	<b>50</b>
<b>Net increase (decrease) in cash held</b>	<b>478</b>	<b>121</b>
1.21 Cash at beginning of quarter/year to date	371	728
1.22 Exchange rate adjustments to item 1.20	-	-
<b>1.23 Cash at end of quarter</b>	<b>849</b>	<b>849</b>

+ 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 and 1.5	103
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

Remuneration of the executive director and directors' fees for the non-executive directors

**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

None

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

None

**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 <i>Monadelphous Group Limited</i>	13,600	8,050
3.2	Credit standby arrangements	-	-

Loan Facilities

AnaeCo entered into a Supplemental Loan Agreement with Monadelphous Group Limited (ASX:MND) to access funding amounting to \$9.6 million at 30 June 2015, which was then extended by a further \$0.5 million (new Supplemental Loan facility limit of \$10.1 million)

During October 2015, this facility was extended by a further \$3.5 million (new Supplemental Loan facility limit of \$13.6 million), of which a further \$1.55 million was borrowed. During November 2015, a portion of the 2015 R&D Tax Incentive refund was used to repay \$3.6 million of this loan.

Total borrowings from MND at 31 December 2015 amount to \$8.05 million principal and \$1.174 million accrued interest.

Reconciliation of movements in principal borrowings from MND for the quarter to 31 December 2015:

Opening balance 30 September 2015	\$ 10,100,000
Borrowings	\$ 1,550,000
Repayment	<u>\$ (3,600,000)</u>
Closing balance 31 December 2015	<u>\$ 8,050,000</u>

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Since 31 December 2015, AnaeCo has drawn a further \$1,550,000. When purchase order commitments and accrued interest are taken into account, AnaeCo has now reached the stage where the available Facility is fully committed.

AnaeCo and MND have now made arrangements whereby MND continues to provide funding to AnaeCo subject to the terms of the Facility. These arrangements include regular review by MND and confirmation of AnaeCo's expenditure and funding requirements on a periodic basis, prior to commitment.

At MND's election the whole or any part of the outstanding loan may be converted to equity in AnaeCo Limited, subject to shareholder approval. The conversion price will be one of (a) the 10 day volume weighted average price of shares in AnaeCo Limited as at the conversion date, (b) the share price applicable to the then most recent rights issue or capital raising undertaken by AnaeCo Limited, or (c) such other price agreed between MND and AnaeCo Limited prior to the finalisation of a notice of meeting pursuant to which AnaeCo shareholder approval is to be sought.

**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	849	371
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Share application monies held on trust	-	-
<b>Total: cash at end of quarter (item 1.23)</b>	<b>849</b>	<b>371</b>

**Acquisitions and disposals of business entities**


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

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## **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:  Date: 29 January 2016  
(Company secretary)

Print name: Tim Hinton

## **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 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
  - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
  - 9.2 - itemised disclosure relating to acquisitions
  - 9.4 - itemised disclosure relating to disposals
  - 12.1(a)- policy for classification of cash items
  - 12.3 - disclosure of restrictions on use of cash
  - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting 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.