

Appendix 4C – Consolidated Statement of Cash Flows for September 2014 Quarter

For Release 29th October 2014

Anittel Group Limited (ASX: AYG) are pleased to present the attached **Appendix 4C: Consolidated Statement of Cash Flows** for the September 2014 quarter.

Significant matters include:

- As at 30 September 2014, the **closing cash balance** was **\$1.423M**
- Net operating **cash outflows** in the current quarter were **\$2.054M**, which included **\$1.268 M** of the following abnormal items:
 - \$693k relating to supplier payments from the previous quarter;
 - \$286k of non-recurring amounts regarding divestment of the communications business unit in January 2014.
 - \$145k additional GST payments this quarter due to the timing effect of the GST being paid monthly, not quarterly;
 - \$144k related to product supplier prepayments made in September 2014
- In July 2014 Anittel repaid **\$4M** of debt to Peter & Vicki Kazacos (Kazacos), which will reduce interest expenses going forward.
- At the same time, Kazacos provided the company with a **\$4M debt facility**, which provides Anittel with access to additional funds when and if required.

The company has continued to rationalise its operating costs since divesting its communications business unit to BigAir (ASX: BGL) in January 2014.

Furthermore, Anittel continues to grow its HCS cloud business unit, which to date has resulted in more than 8,000 billable end point services deployed.

Further Information:

Peter Kazacos

Managing Director & Executive Chairman

Anittel Group Ltd

Level 10, 132 Arthur Street
North Sydney NSW 2060

P: 1300 10 11 12

W: www.anittel.com.au

E: enquiries@anittel.com.au

ABN: 98 009 805 298

About Anittel:

Anittel provides Cloud, Internet, Telecommunication and IT services for organisation across regional and metropolitan Australia. The company is expanding through organic growth and targeted acquisitions to offer scale, geographic reach and expertise for existing and prospective customers.



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

Anittel Group Limited

ABN

98 009 805 298

Quarter ended ("current quarter")

30 Sep 2014

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 | 9,256 | 9,256 |
| 1.2 Payments for | | |
| (a) staff costs | (3,496) | (3,496) |
| (b) advertising and marketing | (25) | (25) |
| (c) research and development | | |
| (d) leased assets | | |
| (e) other working capital | (7,711) | (7,711) |
| 1.3 Dividends received | | |
| 1.4 Interest and other items of a similar nature received | 27 | 27 |
| 1.5 Interest and other costs of finance paid | (106) | (106) |
| 1.6 Income taxes paid | | |
| 1.7 Other Income | | |
| Net operating cash flows before one-off acquisition related costs | (2,054) | (2,054) |
| One-off acquisition related costs | | |
| Net operating cash flows | (2,054) | (2,054) |

+ See chapter 19 for defined terms.

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

| | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|--|----------------------------|---------------------------------------|
| 1.8 Net operating cash flows (carried forward) | (2,054) | (2,054) |
| Cash flows related to investing activities | | |
| 1.9 Payment for acquisition of: | | |
| (a) businesses (item 5) , net of cash acquired | | |
| (b) equity investments | | |
| (c) intellectual property | | |
| (d) physical non-current assets | (24) | (24) |
| (e) other non-current assets | | |
| 1.10 Proceeds from disposal of: | | |
| (a) businesses (item 5) | | |
| (b) equity investments | | |
| (c) intellectual property | | |
| (d) physical non-current assets | 1 | 1 |
| (e) other non-current assets | | |
| 1.11 Loans to other entities | | |
| 1.12 Loans repaid by other entities | | |
| 1.13 Other | | |
| | (24) | (24) |
| Net investing cash flows | | |
| 1.14 Total operating and investing cash flows | (2,078) | (2,078) |
| Cash flows related to financing activities | | |
| 1.15 Proceeds from issues of shares, options, etc. | | |
| 1.16 Proceeds from issue of convertible notes | | |
| 1.17 Proceeds from borrowings | | |
| 1.18 Repayment of borrowings* | (4,261) | (4,261) |
| 1.19 Dividends paid | | |
| 1.20 Other | | |
| Net financing cash flows | (4,261) | (4,261) |
| Net increase (decrease) in cash held | (6,339) | (6,339) |
| 1.21 Cash at beginning of quarter/year to date | 7,762 | 7,762 |
| 1.22 Exchange rate adjustments to item 1.20 | | |
| 1.23 Cash at end of quarter | 1,423 | 1,423 |

*On 31st July 2014, Anittel repaid \$4mil of related party loans to Peter and Vicki Kazacos.

+ 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 | 86 |
| 1.25 | Aggregate amount of loans to the parties included in item 1.11 | |
| 1.26 | Explanation necessary for an understanding of the transactions | |
| | Payment of director's remuneration and expenses to related entities | |
| | | |

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

| |
|--|
| Finance leases of \$159,775(Jun to Sep 2014) for PPE, Software and Consulting Services |
|--|

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

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| |
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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 (a) CBA loan | 0 | 200 |
| | (b) Related party loan facility | 4,000** | 0 |
| 3.2 | Credit standby arrangements (note A) | 0 | 0 |

**On 31st July 2014 a new loan facility of up to \$4mil was provided by Peter and Vicki Kazacos.

+ See chapter 19 for defined terms.

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

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 | 1,423 | 7,762 |
| 4.2 Deposits at call | | |
| 4.3 Bank overdraft | Nil | Nil |
| 4.4 Other (provide details) | | |
| Total: cash at end of quarter (item 1.23) | 1,423 | 7,762 |

Acquisitions and disposals of business entities

| | <i>Acquisitions (Item 1.9(a))</i> | <i>Disposals (Item 1.10(a))</i> |
|---|---------------------------------------|-------------------------------------|
| 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 | | |

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: 29/10/14

Print name: Justyn Stedwell

+ See chapter 19 for defined terms.

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.

+ See chapter 19 for defined terms.