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31 October 2016

Company Announcements Office  
Australian Stock Exchange Limited  
20 Bridge Street, Sydney  
NSW 2000

Dear Sirs,

**Appendix 4C – Quarter Ended 30 September 2016**

In this letter are –

- Attachment 1 – Executive Chairman's Commentary
- Attachment 2 - Unaudited Comprehensive Income Statement for the 9 months to 30 September 2016
- Attachment 3 – Unaudited Balance Sheet at 30 September 2016
- Attachment 4 – Unaudited Cash Flow Statement for the 9 months to 30 September 2016
- Attachment 5 – Appendix 4C cash flow report for the quarter ended 30 September 2016

Attachments 1 to 4 are presented in the formats that appear in the Company's half year and annual reports and prepared on a basis consistent with the requirements of accounting standards.

Attachment 5 is presented in the format required by Paragraph 4.7B of Chapter 4 of the ASX listing rules.

## Rounding Errors

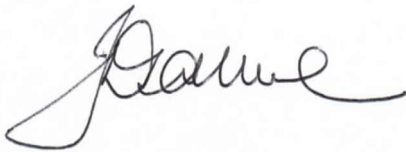
The tables in this report may indicate apparent errors to the extent of one unit (being \$1,000) in:

- the addition of items comprising total and sub totals; and
- the comparative balances of items from the financial accounts.

Such differences arise from the process of:

- converting foreign currency amounts to two decimal places in AUD; and
- subsequent rounding of the AUD amounts to one thousand dollars.

Yours Sincerely

A handwritten signature in dark ink, appearing to read 'John Talbot', written in a cursive style.

John Talbot  
Company Secretary

## Attachment 1

### Executive Chairman's Commentary

#### Magontec Limited (ASX: MGL)

#### Quarterly Update for 9 months to 30 September 2016 (Unaudited)

Headline numbers				
	9 months to 30 Sept 2016	9 months to 30 Sept 2015	\$ change	% change
Underlying Operational Cash flow	\$4.208 m	\$2.914 m	\$1.294 m	44.4%
Gross Profit	\$11.195 m	\$9.725 m	\$1.470 m	15.1%
Gross Profit Margin (%)	11.4%	9.2%		
Underlying EBITDA*	\$4.144 m	\$2.205 m	\$1.938 m	87.9%
Underlying EBIT*	\$2.845 m	\$0.813 m	\$2.032 m	249.9%
Underlying NPAT*	\$1.336 m	(\$0.317 m)	\$1.653 m	-

\* Excludes unrealised foreign exchange effects of:

Unrealised FX gains/(losses)	(\$0.956 m)	\$1.774 m
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- Magontec reports a strong uplift in profitability for the first 9 months of 2016 compared with the previous corresponding period
- Primary magnesium alloy and recycling activities have achieved further reductions in production costs on slightly lower global volumes
- The anode division has achieved sharp improvements in competitiveness on higher volumes and a growing global market share
- Magontec's Qinghai magnesium alloy cast house is expected to be fully commissioned by 31 December 2016 and start of production for Qinghai Salt Lake Magnesium's (QSLM) electrolytic plant (supply of liquid pure magnesium) is forecast for 1Q 2017

#### ABOUT MAGONTEC

**Magontec is a leading manufacturer of magnesium alloys and Cathodic Corrosion Protection (anode) products made from magnesium and titanium**

The company

- Buys pure Mg and converts it into Mg alloy ingots for sale into global markets
- Acquires Mg alloy scrap from customers for recycling into Mg alloy ingots for re-sale
- Casts and extrudes Mg alloys into anodes for supply to the global water heater industry

**Magontec is the only western Mg alloy producer with**

- Its own Chinese primary Mg alloy manufacturing base and Mg alloy recycling facilities in Europe and Asia
- A global sales and logistics capability
- A comprehensive portfolio of proprietary magnesium alloys and an active Research & Development program

#### Magontec

- Is a pioneer in the field of magnesium alloys and anode products with vast experience in production and development of new alloy and anode applications.
- Has installed cast house equipment in the Magontec Qinghai magnesium alloy cast house in preparation for first commercial supply of pure magnesium from Qinghai Salt Lake Magnesium Co Ltd in Q1 2017

## COMMENTARY

### Qinghai Cast House Project



**Magontec Qinghai primary magnesium alloy production facility**

As at the end of October 2016, the Magontec Qinghai magnesium alloy cast house is fully installed with four casting lines, two packing lines and the associated furnaces and operating software. In June this year the cast house was provided with access to utilities and in the intervening period the first ingot casting line has been undergoing hot commissioning.

Our current schedule will see all four ingot casting lines fully hot commissioned by the end of December this year and ready to receive liquid pure magnesium from the Qinghai Salt Lake Magnesium Co Ltd (QSLM) electrolytic magnesium plant.

The QSLM operations, brine purification, dehydration and electrolytic reduction processes, are expected to complete hot commissioning in the next few months. While this phase is always an uncertain process Magontec currently expects to receive supply of liquid pure magnesium from QSLM in the first quarter of 2017.

As we have discussed in previous commentaries we expect product from Magontec Qinghai to be competitively priced and provide our business with the opportunity to re-enter many international and domestic Chinese markets that have not been accessible under our current production structure.

Under the 2013 supply and price agreements between Magontec and QSLM we expect to receive at least 56% of the production of liquid pure magnesium from QSLM's reduction cell house. Under these agreements Magontec is also secured as the exclusive producer of magnesium alloys from this electrolytic magnesium plant, the first electrolytic plant to be built anywhere in the world in this century.

Magontec sales representatives are beginning the process of collecting pre-qualification information for customers together with documentation on the manufacturing process and the environmental attributes of Magontec Qinghai magnesium alloys.

Magontec is extremely proud to be able to offer magnesium alloy consumers a product that will have a lower embedded CO2 than any comparable material and will also use a harmless cover gas in its manufacture. The Magontec Qinghai cast house will be the first major primary magnesium alloy manufacturing operation to use HFC134a in place of SO2 or the highly toxic SF6, both in common use in China (which produces 85% of global magnesium production) and elsewhere around the world.

## **Magnesium alloys**



**Magontec Romania magnesium alloy recycling and magnesium anode manufacturing**

In Europe this year our Romanian magnesium alloy recycling operation has enjoyed steady conditions and the full benefit of new process technologies installed in 2015. While volumes have been on budget, conversion costs and other operating metrics have improved through the year and the financial result from this business is expected to be slightly ahead of budget. At the gross profit level as at the end of September 2016 it is 150% ahead of the previous corresponding period. Magontec's Romanian magnesium alloy recycling operation is now operating at a very high efficiency level. With a continued trend among our customers to locating automotive manufacturing operations in the eastern regions of Europe we can expect to see this business continue to build volume and enjoy improving economies of scale.

In Germany our facility at Bottrop is both a recycling operation and increasingly a specialist metal manufacturing business. The former has enjoyed a stronger than forecast third quarter and is also well ahead of its budget for 2016. While the flow of unprocessed scrap of Chinese origin from Europe to the USA continues, reducing available volumes for Magontec and other magnesium alloy recycling operations in Europe, Magontec remains a robust competitor in Western Europe with sales and profitability ahead of expectations, particularly in recent months.

Specialist alloy manufacturing in Europe includes both high volume products, such as Magontec's proprietary AE family of magnesium alloys, as well as lower volume products targeted at defence and aerospace industries. A part of our longer-term strategy has been to diversify production to reduce reliance on high volume products and to raise the company's overall margins and profitability. Research and development programs, often in partnership with our customers, are responsible for driving many of these new products, some of which will begin production in 2017 and 2018. Other products are derived from magnesium technologies that Magontec inherited from Norsk Hydro and Australian Magnesium Corporation, the two magnesium companies that were combined to form our business.

In China our primary magnesium alloy manufacturing business has performed in line with budget, albeit on lower than forecast volumes, but boosted by a further reduction in operating costs. While we have at times struggled in export markets to compete with integrated Chinese pure and alloy producers, and cannot replicate the tax structures that many Chinese traders adopt, we continue to remain competitive in many markets from our current primary magnesium alloy plant in Shanxi and look forward to the opportunities that will present themselves when we commence production in Qinghai. Magontec's export volumes in the first 9 months of 2016 have held up well, however we are cautious for the immediate period ahead.

### **Anode products (cathodic corrosion protection)**

Magontec's anode businesses continue to enjoy a considerably better year in 2016. In China sales have risen by more than 7% in a business where profitability is extremely sensitive to volumes and where unit prices continue to fall year-on-year. At the gross profit level the Chinese anodes business is currently well ahead of its 2016 budget and around 35% ahead of the previous corresponding period. Much of this improvement has been driven by capital investment. In Xian we have installed new casting machines, new CNC machines and have completed an upgrade to our extruded product at both the raw material and processing stages. In the fourth quarter of 2016 we will make a further capital investment in anode processing equipment to improve competitiveness, win new sales contracts and further reduce unit costs.

The European anodes business has also benefitted from a strong improvement in unit costs. Our plant in Romania is one of the most efficient manufacturers of magnesium anodes in the world and, having regained market share lost in 2013 and 2014, is starting to win new customers and supply into new markets with a highly competitive product. Over the next few months we will introduce new automated processing equipment that will further enhance competitiveness and profitability.

In both China and Europe we have moved aggressively to reduce manufacturing costs in the last three years. We are now in a much stronger competitive position and will be seeking to increase market share and profitability to new levels in 2017. In addition to magnesium anodes Magontec is also the world leader in electronic anodes. This market segment has been confined to water heater applications in the past but is moving into new products and new applications. In 2016 the electronic anodes division has made a significant contribution to group profitability driven by a talented technical team who have risen to the challenge of developing new products and new software for increasingly complex application.

## Summary

As we enter the last quarter of 2016 we can begin to see a little more clearly our prospects for 2017 and the years ahead. Much of our focus in the last three years has been on the design, installation and commissioning of our new cast house in Qinghai Province PRC. As we have described at length in previous commentaries, this will be a new step for Magontec and for our customers. In 2017 Magontec will be able to offer a competitively priced magnesium alloy with the lowest embedded CO<sub>2</sub> of any magnesium production unit in the World. Under our agreements with QSLM we will also be able to offer longer-term contracts. All of these characteristics make Magontec's future product attractive to automotive and other customers who have had to rely on short-term price and supply agreements from high-CO<sub>2</sub> emitting Pidgeon Process magnesium plants. Material provenance, particularly for the automotive industry that faces many environmental challenges, has become a critical metric. While price will continue to be a primary metric the environment impacts of production together with a robust supply chain offering and a material recycling service will be among the many factors working in Magontec's favour as the Qinghai facility comes on stream.

In our other businesses we have delivered steady improvements over recent years. Our teams in China, Romania and Germany have successfully delivered a flow of new production innovations that have allowed Magontec to regain its leadership position in magnesium anodes and magnesium alloy recycling and to sustain a credible share in the face of strong competition in primary magnesium alloy markets.

As we come to the end of the capital expenditure program in Qinghai our attention will turn to funding the future working capital required for this project. We have been fortunate in our banking relationships in Europe and China where we enjoy strong support from global banking groups. In particular, we have benefitted from a working capital facility provided by Commerzbank that covers our global trading activities. With production volumes forecast to grow significantly in China we will rely on those banking relationships as well as our growing ability to generate strong cash flows from our existing operations.

Nic Andrews  
Executive Chairman  
31 October 2016

## Attachment 2

### UNAUDITED STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME

Unaudited Consolidated Comprehensive Income Statement		
Source: Magontec Limited Management Accounts		
\$000	9 months to 30-Sep-16	9 months to 30-Sep-15
Sale of goods	97,883	105,695
Cost of sales	(86,688)	(95,970)
<b>Gross profit</b>	<b>11,195</b>	<b>9,725</b>
Other income	302	346
Interest expense	(888)	(978)
Impairment of inventory, receivables & other financial assets	(401)	(485)
Travel accommodation and meals	(500)	(532)
Research, development, licensing and patent costs	(253)	(327)
Promotional activity	(34)	(26)
Information technology	(227)	(268)
Personnel	(4,704)	(4,841)
Depreciation & Amortisation	(370)	(364)
Office expenses	(263)	(200)
Corporate	(2,197)	(2,275)
Foreign exchange gain/(loss)	(577)	1,838
Other Operating Expenses	(83)	(3)
<b>Profit/(Loss) before tax</b>	<b>1,001</b>	<b>1,609</b>
Income tax (expense)/benefit	(621)	(152)
<b>Profit/(Loss) after tax</b>	<b>380</b>	<b>1,456</b>
<b>Other comprehensive income</b>		
Exchange differences taken to reserves in equity	(1,313)	1,682
Movement in actuarial assessments	(550)	-
<b>Total comprehensive income</b>	<b>(1,483)</b>	<b>3,138</b>

Reconciliation of reported NPAT to underlying NPAT (unaudited)		
\$000	9 months to 30-Sep-16	9 months to 30-Sep-15
<b>Profit/(Loss) after tax (reported)</b>	<b>380</b>	<b>1,456</b>
Adjustment for unrealised FX (gains)/losses	956	(1,774)
<b>Profit/Loss after tax excluding unrealised FX ("Underlying NPAT")</b>	<b>1,336</b>	<b>(317)</b>

## Attachment 3

### UNAUDITED BALANCE SHEET

Unaudited Consolidated Balance Sheet		
Source: Magontec Limited Management Accounts		
\$000	As at 30-Sep-16	As at 31-Dec-15
Cash & cash equivalents	3,892	8,490
Trade & other receivables	23,472	22,163
Inventory	21,339	26,316
Other	422	220
<b>Total Current Assets</b>	<b>49,124</b>	<b>57,188</b>
Property, plant & equipment	20,351	19,567
Intangible assets	2,899	3,028
Deferred tax assets	1,467	1,653
Other	1,005	1,092
<b>Total Non-Current Assets</b>	<b>25,722</b>	<b>25,339</b>
<b>Total Assets</b>	<b>74,846</b>	<b>82,528</b>
Trade & other payables	14,332	16,276
Bank borrowings	15,237	20,272
Provisions	848	497
<b>Total Current Liabilities</b>	<b>30,418</b>	<b>37,045</b>
Other payables	190	149
Bank borrowings	-	235
Provisions	10,377	9,937
<b>Total Non-Current Liabilities</b>	<b>10,567</b>	<b>10,322</b>
<b>Total Liabilities</b>	<b>40,985</b>	<b>47,367</b>
<b>Net Assets</b>	<b>33,861</b>	<b>35,161</b>
<b>Equity attributable to members of MGL</b>		
Share capital	58,616	58,433
Reserves	5,082	5,618
Accumulated (losses)/profits	(30,300)	(29,353)
Share capital	463	463
Reserves	-	-
Accumulated (losses)/profits	-	-
<b>Total equity</b>	<b>33,861</b>	<b>35,161</b>

## Attachment 4

### UNAUDITED STATEMENT OF CASH FLOWS

Unaudited Consolidated Cash Flow Statement Source: Magontec Limited Management Accounts			
\$000	Quarter Ended 30-Sep-16	9 months to 30-Sep-16	6 months to 30-Jun-16
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from/ (utilised in) underlying operating activities	1,855	4,208	2,353
<b>Net working capital assets</b>			
- Trade and Other Receivables	1,540	(3,725)	(5,265)
- Inventory	4,197	4,179	(18)
- Trade and Other Payables	(2,429)	(593)	1,835
- Other	-	-	-
Cash generated from/ (utilised in) net working capital asset	3,309	(139)	(3,448)
<b>Other operating activities</b>			
- Net Interest paid	(261)	(857)	(596)
- Income tax paid	(2)	(56)	(53)
Cash generated from/ (utilised in) other operating activities	(263)	(913)	(650)
<b>Net Cash generated from/ (utilised in) all operating activities</b>	<b>4,900</b>	<b>3,156</b>	<b>(1,744)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net cash out on purchase/disposal of property, plant & equipment	(1,300)	(2,694)	(1,394)
Group Information Technology	(6)	(12)	(6)
Security deposit	(36)	(36)	-
Other	-	-	-
<b>Net cash provided by / (used in) investing activities</b>	<b>(1,342)</b>	<b>(2,742)</b>	<b>(1,399)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Bank Debt	(5,739)	(4,729)	1,010
Net capital raised from issue of securities	-	-	-
Other	-	-	-
<b>Net cash provided by / (used in) financing activities</b>	<b>(5,739)</b>	<b>(4,729)</b>	<b>1,010</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(2,181)</b>	<b>(4,315)</b>	<b>(2,133)</b>
<b>Foreign exchange effects on total cash flow movement</b>	<b>(119)</b>	<b>(284)</b>	<b>(165)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>6,192</b>	<b>8,490</b>	<b>8,490</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>3,892</b>	<b>3,892</b>	<b>6,192</b>

**Attachment 5**

**APPENDIX 4C**



**QUARTERLY UNAUDITED CASHFLOW  
APPENDIX 4C**

for the Period Ended 30 September 2016

**Magontec Limited**

ABN: 51 010 441 666  
Registered & Principal Office:  
Suite 1.03, Level 1  
46 Macleay St,  
Potts Point, NSW 2011  
Australia

**Tel:** +61 2 8005 4109

**Fax:** +61 2 92528960

**Website:** [www.magontec.com](http://www.magontec.com)

**Email:** [Corporate@magontec.com](mailto:Corporate@magontec.com)

**Non-Executive Directors** (as at 30 September 2016)

Zhongjun Li  
Kangmin Xie  
Andre Labuschagne

**Independent Directors** (as at 30 September 2016)

Robert Shaw  
Robert Kaye

**Management Team**

Nicholas Andrews  
*Executive Chairman*

John Talbot  
*Company Secretary*

Derryn Chin  
*Chief Financial Officer*

**Issued Capital** (as at 30 September 2016)**Ordinary Shares** (ASX Code MGL)

1,132,209,291 fully paid Ordinary shares on issue

**Options:** Nil

**Substantial Shareholders**

Major Shareholders	No. of shares	Percent
Qinghai Salt Lake Magnesium Industry Limited	330,535,784	29.19
Straits Mine Management Pty Limited	148,874,507	13.15
J P Morgan Nominees Australia Limited	101,444,586	8.96
Citicorp Nominees Pty Limited	89,181,423	7.88

**Share Registry Services**

Boardroom Pty Limited  
Level 7, 207 Kent St  
Sydney NSW 2000

**Postal:**

GPO Box 3993  
Sydney NSW 2001

**Tel:** 1300 737 760 or

**International:** +61 2 9290 9600

**Fax:** 1300 653 459

**Website:** <http://www.boardroomlimited.com.au>

The current share price can be obtained from the ASX Website

## 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**

Magontec Limited

**ABN**

51 010 441 666

**Quarter ended ("current quarter")**

30 September 2016

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	33,143	94,460
1.2	Payments for		
	(a) research and development	(119)	(253)
	(b) product manufacturing and operating costs	(25,934)	(83,102)
	(c) advertising and marketing	(4)	(34)
	(d) leased assets	-	-
	(e) staff costs	(1,435)	(4,704)
	(f) administration and corporate costs	(589)	(2,409)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	11	32
1.5	Interest and other costs of finance paid	(271)	(888)
1.6	Income taxes paid	(2)	(56)
1.7	Government grants and tax incentives	101	111
1.8	Other (provide details if material)		
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>4,900</b>	<b>3,156</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment <sup>1</sup>	(1,300)	(2,712)
	(b) businesses (see item 10)		
	(c) investments		
	(d) intellectual property	(6)	(12)
	(e) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment <sup>1</sup>	-	19
	(b) businesses (see item 10)		
	(c) investments		
	(d) intellectual property		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)	(36)	(36)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(1,342)</b>	<b>(2,742)</b>

<sup>1</sup> Previously disclosed on a net basis. Proceeds from disposal/ (payments to acquire) property, plant and equipment for the quarters ended June 2016 and March 2016 were \$9,000 / (\$367,000) and \$9,000 / (\$1,046,000) respectively.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>3. Cash flows from financing activities</b>			
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 <sup>2</sup>	805	5,489
3.6	Repayment of borrowings <sup>2</sup>	(6,545)	(10,218)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(5,739)</b>	<b>(4,729)</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
<b>4.1 Cash and cash equivalents at beginning of quarter/year to date</b>	<b>6,192</b>	<b>8,490</b>
4.2 Net cash from / (used in) operating activities (item 1.9 above)	4,900	3,156
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1,342)	(2,742)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(5,739)	(4,729)
4.5 Effect of movement in exchange rates on cash held	(119)	(284)
<b>4.6 Cash and cash equivalents at end of quarter</b>	<b>3,892</b>	<b>3,892</b>

<sup>2</sup> Previously disclosed on a net basis. Proceeds/(repayments) from borrowings for the quarters ended June 2016 and March 2016 were \$2,614,000 / (\$2,625,000) and \$2,070,000 / (\$1,048,000) respectively.

5.	<b>Reconciliation of cash and cash equivalents</b> 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	3,892	6,192
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,892</b>	<b>6,192</b>

**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**

35

-

Not applicable

**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**

-

-

Not applicable

8. <b>Financing facilities available</b> <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	23,817	16,518
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.		

<b>Borrowings facilities as at 30 September 2016</b>				
Lender	Interest rate %	Limit \$A 000	Drawn \$A 000	Security status
Commerzbank Germany	2.15%	8,149	5,887	Secured
Commerzbank Germany	2.50%	790	527	Secured
ING Romania	3.15%	3,916	3,182	Secured
ING Romania	2.70%	637	579	Secured
Bank of Communications China	4.52%	3,911	3,911	Secured
Commerzbank Bank China	5.50%	4,888	1,152	Secured
<b>Total facilities classified as borrowings on balance sheet</b>		<b>22,290</b>	<b>15,237</b>	
Postbank (factoring)		1,527	1,280	
<b>Total facilities as at 30 September 2016</b>		<b>23,817</b>	<b>16,518</b>	

No additional facilities entered into or proposed to be entered into after quarter end.

9. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	(84)
9.2 Product manufacturing and operating costs	(27,701)
9.3 Advertising and marketing	(11)
9.4 Leased assets	-
9.5 Staff costs	(1,568)
9.6 Administration and corporate costs	(803)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>(30,168)</b>

<b>10.</b>	<b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1	Name of entity	Not applicable	Not applicable
10.2	Place of incorporation or registration	Not applicable	Not applicable
10.3	Consideration for acquisition or disposal	Not applicable	Not applicable
10.4	Total net assets	Not applicable	Not applicable
10.5	Nature of business	Not applicable	Not applicable

### 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.



Sign here:

(Executive Chairman)

Date: 31 October 2016

Print name: Mr Nicholas Andrews

### 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.