

ENTELLECT LIMITED
(ASX: ESN)

31 January 2013

ASX and Media Release

Appendix 4C for the December 2012 quarter

Entellect Limited (**Entellect** or the **Company**) releases its Appendix 4C for the quarter ending 31 December 2012.

During the quarter ending 31 December 2012, management further reduced the Company's net operating cash outflows to \$450,000 (from \$598,000 and \$480,000 in the previous two quarters respectively). With management's further reduction of operating expenses and increased revenue generation from the Company's KNeoWORLD educational games portal, Entellect expects that its net cash outflows will reduce to below \$400,000 for the quarter ending 31 March 2013.

As previously announced to the market, the Company's convertible note issue to raise \$500,000 is now complete. In addition, the Company has raised \$374,000 through its recent partially underwritten share purchase plan.

The Board is considering raising further funds in the range of \$100,000 to \$150,000 for working capital purposes, and has received expressions of interest from a number of sophisticated investors. The Board is currently reviewing these offers and will advise the market as appropriate.

-End

For further information, please contact:

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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

ENTELLECT LIMITED

ABN

41 009 221 783

Quarter ended ("current quarter")

31 December 2012

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	9	9
1.2 Payments for (a) staff costs	(265)	(530)
(b) advertising and marketing	-	-
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(177)	(388)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	0	1
1.5 Interest and other costs of finance paid	(17)	(22)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net operating cash flows	(450)	(930)

+ See chapter 19 for defined terms.

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	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(450)	(930)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	(2)
(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	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	-	(2)
1.14 Total operating and investing cash flows	(450)	(932)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	289	289
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	175	450
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Capital raising cost	(48)	(48)
Net financing cash flows	416	691
Net increase (decrease) in cash held	(34)	(241)
1.21 Cash at beginning of quarter/year to date	199	420
1.22 Exchange rate adjustments to item 1.21	(12)	(26)
1.23 Cash at end of quarter	153	153

+ 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	68
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

N/A

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

N/A

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

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	Convertible notes proceeds on deposit	50	-
3.2	Outstanding Share Purchase Plan underwriting commitments	80	-

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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	153	199
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	153	199

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	-	-

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: 31 January 2013

Chief Executive Officer

Print name: James Kellett

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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.

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