

## **Quarterly Activities Report for the period ended 31 March 2016**

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**Department 13 International Ltd (ASX : D13) (“D13” or “the Company”)** provides an update on activities and cash flows for the period ended 31 March 2016.

The cash flows during the quarter ended 31 March 2016 included the following one-off expenditures relating to:

- Establishment of new research & development (R&D) facility located in Columbia, Maryland, United States of America
- Establishment of Software Engineering Team comprised of senior software engineers, software defined radio engineers, data exploit engineers, senior radio protocol engineers and wireless/wi-fi engineers.
- Professional fees relating to the acquisition of Department 13 LLC in December 2015 and reinstatement to official quotation on 13 January 2016

In addition, the Company’s key achievements included:

- Completion of independent market assessment for drone defense technologies
- Grant of new US patents for advanced networking used in counter-drone system and cooperative subspace coding.
- Establishment of strategic relationship with Booz Allen Hamilton and initial engagement with large US corporations and US government agencies
- Grant of an award from US Department of Defense

“The first quarter after reinstatement to quotation to trade in ASX has been extremely busy period and the Company has focused in establishing strong team, strategic relationship and foundation with an objective of having the first commercial counter drone security product in production this year” said Jonathan Hunter, CEO.



**MEDIA RELEASE:**

**ASX: D13**

**DATE: 29 April 2016**

**For more information, contact:**

**Jonathan Hunter**  
**CEO Department 13 LLC**  
**+1 703 597 6574**  
**[Jonathan@department13.com](mailto:Jonathan@department13.com)**

**Gavin Rezos**  
**Viaticus Capital LLC**  
**+61 412 89 235 or +1 864 908 4115**  
**[grezos@viaticuscapital.com](mailto:grezos@viaticuscapital.com)**

**Media & Investor Enquiries:**  
**Tony Dawe**  
**Senior Account Director, PPR**  
**+61 8 9388 0944 or 0405 989 743**  
**[tony.dawe@ppr.com.au](mailto:tony.dawe@ppr.com.au)**

#### **About Department 13 International Ltd**

D13 was founded in Virginia in 2010 by a team of former military operators, scientists and engineers who apply proprietary innovative advanced technology to emerging requirements.

D13 is developing cutting edge software and communication systems that have the potential to transform the networking and communication fields as well as current applications in drone defense, mobile phone IT security and secure enhanced android phone systems.

D13 has ten patents and fourteen patent applications in the development of wireless protocol manipulation and communication networking software with applications in:

- Drone defense
- Local area and wide area cellular communications and networking
- Enhanced data bandwidth for all digital communications
- Cyber security for mobile devices
- Sophisticated applications in the RF environment (Radiometrics).

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

Department 13 International Ltd

ABN

36 155 396 893

Quarter ended ("current quarter")

31 March 2016

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (9 months) \$A'000
1.1	Receipts from customers	8	344
1.2	Payments for		
	(a) staff costs	(339)	(561)
	(b) advertising and marketing	(207)	(267)
	(c) research and development	(643)	(911)
	(d) leased assets	-	-
	(e) other working capital	(167)	(893)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	5	5
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other		
	- Good and services tax	36	32
	- Refundable rental deposit paid	(46)	(46)
<b>Net operating cash flows</b>		<b>(1,353)</b>	<b>(2,297)</b>

+ 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 (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(1,353)	(2,297)
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	(10)	(10)
(d) physical non-current assets	(66)	(85)
(e) other non-current assets	-	(26)
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	5	5
1.13 Other (Cash in subsidiary on acquisition)	-	5
<b>Net investing cash flows</b>	<b>(71)</b>	<b>(111)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(1,424)</b>	<b>(2,408)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	-	7,000
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	(23)	(360)
<b>Net financing cash flows</b>	<b>(23)</b>	<b>6,640</b>
<b>Net increase (decrease) in cash held</b>	<b>(1,447)</b>	<b>4,232</b>
1.21 Cash at beginning of quarter/year to date	5,690	40
1.22 Exchange rate adjustments to item 1.20	(164)	(193)
<b>1.23 Cash at end of quarter</b>	<b>4,079</b>	<b>4,079</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	67
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.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

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**Appendix 4C**  
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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	536	467
4.2	Deposits at call	3,543	5,223
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.23)</b>		<b>4,079</b>	<b>5,690</b>

**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	N/A
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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+ See chapter 19 for defined terms.

## 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 April 2016  
(Director/Company secretary)

Print name: ..... KEVIN KYE .....

## 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 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting 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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