



**EcoQuest Limited**  
ACN 104 037 372

## **ASX RELEASE**

Monday, 31 January 2011

## **APPENDIX 4C – QUARTERLY REPORT**

Eco Quest Limited's Appendix 4C Quarterly Report for the quarter ended 31 December 2010 is attached.

The December 2010 quarter represented a major milestone for Eco Quest as the Company launched both its Little Takas nappies and wipes range of products into 214 IGA and Foodland stores, 30 Toys R Us and 6 Baby Kingdom outlets in Australia. Demand has been excellent and in line with our expectation that 90% biodegradable nappies and 100% biodegradable wipes would be well accepted by both retail buyers and consumers.

Consequently, Eco Quest has been engaged in a pipe filling exercise, with a consequent increase in the demands on working capital. This has resulted in a cash outflow of \$913,000 for the December 2010 quarter and invoiced sales which will not be realised as cash until invoices are paid in the March 2011 quarter.

In subsequent quarterly reports, the Company will be reporting cash income from sales, which will be received on a monthly basis commencing January 2011.

# 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

EcoQuest Limited

ABN

98 104 037 372

Quarter ended ("current quarter")

31 December 2010

### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>		Current quarter \$A'000	Year to date (6 Mths) \$A'000
1.1	Receipts from customers	1	1
1.2	Payments for		
	(a) staff costs	(26)	(66)
	(b) advertising and marketing	(142)	(231)
	(c) research and development	(11)	(22)
	(d) stock/manufacture deposits	(612)	(925)
	(e) other working capital	(251)	(695)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	3
1.5	R&D Grant Received	127	127
1.6	Income taxes paid	-	-
	<b>Net operating cash flows</b>	<b>(913)</b>	<b>(1,808)</b>
		Current quarter \$A'000	Year to date (6 Mths) \$A'000
1.8	Net operating cash flows (carried forward)	(913)	(1,808)
<b>Cash flows related to investing activities</b>			
1.9	Payment for acquisition of:		
	(a) businesses (item 5)		
	(b) equity investments		
	(c) intellectual property		
	(d) physical non-current assets		
	(e) other non-current assets		
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)		
	(b) equity investments		
	(c) intellectual property		(6)
	(d) physical non-current assets		(1)
	(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)		
	<b>Net investing cash flows</b>	<b>-</b>	<b>(7)</b>

<b>1.14</b>	<b>Total operating and investing cash flows</b>	(913)	(1,815)
	<b>Cash flows related to financing activities</b>		
1.15	Proceeds from issues of shares, options, etc.	980	1,610
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 (Capital raising costs)	(14)	(17)
	<b>Net financing cash flows</b>	966	1,593
	<b>Net increase (decrease) in cash held</b>	53	(222)
1.21	Cash at beginning of quarter/year to date	353	628
1.22	Exchange rate adjustments	-	
1.23	<b>Cash at end of quarter</b>	406	406

### 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	125
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

Executive Salaries \$54,312 Consultants \$57,332 Directors Fees \$73,905
--

### 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 Loan facilities	N/A	N/A
3.2 Credit standby arrangements	N/A	N/A

## 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	55	187
4.2 Deposits at call	351	150
4.3 Bank overdraft	-	-
4.4 Other	0	16
<b>Total: cash at end of quarter</b> (item 1.23)	406	353

## Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	N/A	N/A
5.2 Place of incorporation or registration	N/A	N/A
5.3 Consideration for acquisition or disposal	N/A	N/A
5.4 Total net assets	N/A	N/A
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 2011  
(Director/Company secretary)

Print name: Michael Greenup  
.....

## 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.