



Martin Aircraft Company
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Lodged by MJP

29 April 2016

Dear Sir/Madam

Appendix 4C Cash Report – 31 March 2016

Please find attached for immediate release to the market the Appendix 4C Cash Report for the quarter ended 31 March 2016.

During the period KuangChi Science Limited subscribed for the A\$23.02 million convertible bond and the A\$1.0 million loan from KuangChi Science Limited has been repaid.

Also, during the period Martin Aircraft Company Limited increased its ownership in KuangChi Martin Jetpack Limited from 49% to 95%. Consideration for the increase in ownership was via the issue of shares in Martin Aircraft Company Limited. KuangChi Martin Jetpack Limited is now a subsidiary of Martin Aircraft Company Limited. Accordingly, HK \$24.7 million (NZ \$4.8 million) of cash held by KuangChi Martin Jetpack Limited is consolidated into Martin Aircraft Company Limited financial statements and is included in the Appendix 4C Consolidated Cashflow Quarterly Report.

Development expenditure continues to be capitalised as an intangible asset in the period to reflect that the Jetpack is in the development phase

Cash on hand at 31 March 2016 is NZ \$36.5 million.

Yours faithfully

Martin Aircraft Company Limited

James West

Company Secretary

Encl.

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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

Martin Aircraft Company Limited

NZ Company number/ARBN

901393 / 601 582 638

Quarter ended ("current quarter")

31 March 2016

Consolidated statement of cash flows

| Cash flows related to operating activities | Current Quarter \$NZ'000 | Year to date (9 months) \$NZ'000 |
|---|-----------------------------|--|
| 1.1 Receipts from customers | - | - |
| 1.2 Payments for | | |
| (a) staff costs | (1,175) | (2,870) |
| (b) advertising and marketing | (210) | (560) |
| (c) research and development | (209) | (307) |
| (d) leased assets | (121) | (330) |
| (e) other working capital | (1,065) | (2,868) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 105 | 484 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes refunded/(paid) | 65 | (41) |
| 1.7 Other (provide details if material) | 37 | 44 |
| Net operating cash flows | (2,573) | (6,448) |

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| | Current Quarter \$NZ'000 | Year to date (9 months) \$NZ'000 |
|--|-----------------------------|--|
| 1.8 Net operating cash flows (carried forward) | (2,573) | (6,448) |
| Cash flows related to investing activities | | |
| 1.9 Payment for acquisition of: | - | - |
| (a) businesses (item 5) | - | - |
| (b) equity investments in Hong Kong Joint Venture | - | (2,390) |
| (c) intellectual property | (20) | (431) |
| (d) physical non-current assets | (357) | (1,392) |
| (e) other non-current assets (development) | (1,488) | (4,998) |
| 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 | (1,865) | (9,211) |
| 1.14 Total operating and investing cash flows | (4,438) | (15,659) |
| Cash flows related to financing activities | | |
| 1.15 Proceeds from issues of shares, options, etc. | 24,859 | 25,007 |
| 1.16 Proceeds from sale of forfeited shares | - | - |
| 1.17 Proceeds from borrowings | - | - |
| 1.18 Repayment of borrowings | (1,078) | (1,078) |
| 1.19 Dividends paid | - | - |
| 1.20 Other (provide details if material) | - | - |
| Net financing cash flows | 23,781 | 23,929 |
| Net increase (decrease) in cash held | 19,343 | 8,270 |
| 1.21 Cash at beginning of quarter/year to date | 12,515 | 23,571 |
| 1.21b Cash recognised on consolidation | 4,823 | 4,823 |
| 1.22 Exchange rate adjustments to item 1.20 | (201) | (184) |
| 1.23 Cash at end of quarter | 36,480 | 36,480 |

Notes:

1.9 (e) Cash expenditure on "other non-current assets" includes \$687k of staff costs capitalised as development costs.

1.15 Under the terms of the Investment Agreement entered into with KuangChi Science Limited (KCS) at the time of the IPO, Martin Aircraft Company Limited (MACL) agreed a further funding arrangement with KCS in the form of a convertible bond in the amount of A\$23.02 million less the A\$1.0 million loan provided by KCS to MACL at the time of the IPO. During the period KCS has subscribed for the convertible bond providing MACL with net proceeds of NZ \$23.78 million and all borrowings have been repaid.

1.21b During the period Martin Aircraft Company Limited increased its ownership in KuangChi Martin Jetpack Limited from 49% to 95%. Refer to note 2.1 below for further details.

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 \$NZ'000 |
|------|--|-----------------------------|
| 1.24 | Aggregate amount of payments to the parties included in item 1.2 | 221 |
| 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

During the period Martin Aircraft Company Limited increased its ownership in KuangChi Martin Jetpack Limited from 49% to 95%. Consideration for the 46% interest was via the issue of shares in Martin Aircraft Company Limited. KuangChi Martin Jetpack Limited is now a subsidiary of Martin Aircraft Company Limited. Accordingly, HK \$24.7m (NZ \$4.8m) cash held by KuangChi Martin Jetpack Limited is consolidated into Martin Aircraft Company Limited financial statements and included in the Appendix 4C Consolidated Cashflow Quarterly Report. Refer to the Interim Financial Report 31 December 2015 for more details.

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 \$NZ'000 | Amount used \$NZ'000 |
|-----|-----------------------------|------------------------------|-------------------------|
| 3.1 | Loan facilities | Nil | Nil |
| 3.2 | Credit standby arrangements | n/a | n/a |

In accordance with the Investment Agreement dated 19 December 2014 an A\$1.0 million interest free loan was advanced by KuangChi Science Limited on 31 December 2014. The loan was repaid during the 31 March 2016 quarter with the exercise of the Convertible Bond.

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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 \$NZ'000 | Previous quarter \$NZ'000 |
|---|--------------------------|-----------------------------|------------------------------|
| 4.1 | Cash on hand and at bank | 7,582 | 465 |
| 4.2 | Deposits at call | 28,898 | 17,106 |
| 4.3 | Bank overdraft | - | - |
| 4.4 | Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.23) | | 36,480 | 17,571 |

Deposits at call include \$28 million (previous quarter \$10 million) of cash on deposit with a maturity of greater than three months.

Acquisitions and disposals of business entities

| | Acquisitions (Item 1.9(a)) | Disposals (Item 1.10(a)) |
|-----|---|---|
| 5.1 | Name of entity | KuangChi Martin Jetpack Limited |
| 5.2 | Place of incorporation or registration | Hong Kong |
| 5.3 | Consideration for acquisition or disposal | Consideration for 46% interest in KuangChi Martin Jetpack Limited was the issue of 89,445,000 shares in Martin Aircraft Limited |
| 5.4 | Total net assets | 4,777,659 |
| 5.5 | Nature of business | To establish an enterprise in China which is intended to undertake sales, distribution and research and development in China. |

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: 
(Company secretary)

Date: 29/04/2016

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

Print name: James West

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