

### **Overview of Appendix 4C Quarterly Review**

The group's cash position for the quarter ended 31 December 2010 resulted in a net cash outflow of \$1,303,000 to finish the quarter with cash reserves of \$1,105,000.

Net operating cash outflow of \$706,000 was recorded for the quarter. Included within operating cash flows were non recurring expenses of \$260,000. Excluding these costs, operating cash outflows for the group were \$446,000 for the quarter.

Investing cash flow for the quarter was an outflow of \$82,000. This was predominantly for additions to office equipment and software.

Financing cash flow for the quarter was a net outflow of \$515,000, which represents residual receipts from the last capital raising less \$452,000 in repayment of borrowings, including the extinguishment of a loan associated with an acquisition in FY2010, and \$80,000 cash placed on deposit as security for property lease. This amount has not been accounted as a cash deposit as it is subject to restrictions as per the lease agreement. Consequently it has been shown as a financing cash outflow.



Andrew Phillips  
Company Secretary

## 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

CONNIXION LIMITED

ABN

94 003 607 074

Quarter ended ("current quarter")

31 December 2010

#### Consolidated statement of cash flows

	Current quarter \$A'000	Full Year (6 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from customers	6,267	12,063
1.2 Payments for		
(a) staff costs	(3,568)	(7,205)
(b) advertising and marketing	(82)	(143)
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(3,203)	(5,743)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	5	6
1.5 Interest and other costs of finance paid	(95)	(159)
1.6 Income taxes paid	(30)	(30)
1.7 Other (provide details if material)	-	-
<b>Net operating cash flows</b>	<b>(706)</b>	<b>(1,211)</b>

	Current quarter \$A'000	Full Year (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(706)	(1,211)
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5) (net of cash acquired)		
(b) equity investments	-	(24)
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	(53)	(459)
	(31)	(36)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	2	2
(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>	(82)	(517)
<b>1.14 Total operating and investing cash flows</b>	(788)	(1,728)
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	17	1,477
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	(452)	(872)
1.19 Dividends paid	-	-
1.20 Other (security deposit - Lease)	(80)	(80)
<b>Net financing cash flows</b>	(515)	525
<b>Net increase (decrease) in cash held</b>	(1,303)	(1,203)
1.21 Cash at beginning of quarter/year to date	2,440	2,410
1.22 Exchange rate adjustments	(32)	(102)
1.23 <b>Cash at end of quarter</b>	1,105	1,105

**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	(118)
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

(\$118) Directors Remuneration

Please refer item 2.1 for non-cash related transaction with related party.

**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 current quarter, computer equipment with an aggregate value of \$1,248,600 was acquired via finance lease on behalf of a customer pursuant to a rental facility agreement. The net cash flows arising from this transaction are nil.

44.44 million shares were issued at 4.5 cents per share to First Capital Management Aust Pty Limited as consideration for the amendments to the Investment Management Agreement which is valued at \$2 million.

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

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**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	-	-
3.2	Credit standby arrangements	-	-

## 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	1,105	2,440
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.23)</b>		<b>1,105</b>	<b>2,440</b>

## 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	
5.6	Acquisition costs and transaction fees, relating to acquisitions disclosed in previous quarter	

## 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: .....  
(Director)

31 January 2011  
Date: .....

Print name: Andrew Phillips

## 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.