

ASX RELEASE

31 October 2017

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ASX Announcements
4th Floor
20 Bridge Street
Sydney, NSW 2000

QUARTERLY REPORT – SEPTEMBER QUARTER 2017
EXECUTIVE SUMMARY AND APPENDIX 4C

Mejority Capital Limited (“MJC” or “Company”) provides the following commentary on the Group’s activities for the September quarter, and accompanying the Appendix 4C.

1. The Australian operations continue to operate well and several new corporate authorised representatives commenced operations under the Group’s AFSL licence. These operations generated net cash inflows of \$180,000 for the Company, before corporate overheads of just over \$100,000, which reduced overall cash inflows to \$72,000;
2. Regrettably the cash generated by these operations, and existing cash resources, continue to fund the cash drain that is the Company’s Hong Kong operations. A further \$255,000 has been expended on the Hong Kong operations during the quarter as the Company continues to support the operations pending its sale. A further \$66,500 has been forwarded to Hong Kong operations during October;
3. The acquiring party purchasing MEJority Securities (HK) Ltd requires approval from the Hong Kong SFC. This can be a laborious process as they delve quite deeply into the purchaser’s credentials. The timing of responses to the SFC is also more under the control of the acquirer rather than the vendor, though MJC has tried to push the acquirer to respond promptly. The queries have diminished significantly, and we have reason to believe that we are nearing the end of the process. We remain hopeful of finally settling this transaction by the end of the current quarter and reducing the cash drain on the company.

For further information:

Neil Sheather (CEO) or Simon Lill (Executive Chairman)

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Mejority Capital Limited

ABN

52 106 760 418

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows	Current quarter	Year to date
	\$A'000	(3 months)
		\$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	645	645
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(331)	(331)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(170)	(170)
(f) administration and corporate costs	(329)	(329)
1.3 Dividends received (see note 3)	2	2
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Rental bond (paid)/returned	-	(139)
1.8 Net client monies received/(returned)	543	543
1.9 Net cash from / (used in) operating activities	360	360
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	(89)	(89)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	9	9
(d) intellectual property	-	-
(e) Commercial property	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Deposit held – Hong Kong divesture	-	-
2.6 Net cash from / (used in) investing activities	(81)	(81)
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings (Property)	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	-
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	3,189 ²	3189
4.2 Net cash from / (used in) operating activities (item 1.9 above)	360	360
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(81)	(81)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	(57)	(57)
4.6 Cash and cash equivalents at end of quarter	3,411²	3,411²

²The opening and closing quarter cash balances include cash of \$1,685,000 and \$1,562,000 respectively. These relate to a discontinued operation – MEJority Securities Limited (HK) - pending final sale settlement.

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,849	1,539
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Cash from discontinued operation	1,562	1,685
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,411	3,189

6. Payments to directors of the entity and their associates

	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	114
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Director salaries and fees

7. Payments to related entities of the entity and their associates

	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available

Add notes as necessary for an understanding of the position

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	400 ²
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	125
9.6 Administration and corporate costs	225
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	750

² Revenues are generated and are directly related to direct operating costs.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
Director & Company secretary

Date: 31 October 2017

Print name: **Simon Lill**

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.