

QUARTERLY REPORT – JUNE 2017
EXECUTIVE SUMMARY AND APPENDIX 4C

As foreshadowed in the previous quarterly report, Mejority Capital Limited (“MJC” or “Company”) anticipated receipt of funds during the quarter related to:

- Execution of a fuller Share Purchase Agreement for the sale of MEJority Securities Limited (HK) (“MSL HK”). This resulted in the receipt of A\$1.2M during the quarter; and
- The divestiture of its Sydney property provided a net \$360,000 to the Company.

MJC has worked hard to continue to reduce its corporate overhead and improve its Australian operations. This has resulted in cash inflows from the Australian operations.

The Company’s Hong Kong operations continue to be a drain on the Company’s finances, with outflows of \$190,000 during the quarter. A further \$120,000 was provided to Hong Kong subsequent to the end of the current quarter.

The combination of the above has resulted in the Company showing a cash balance at the end of the quarter of \$3.36M.

Of the \$3.36M, about \$2.8M is currently un-utilisable by the Company at this stage as:

- ~ \$1M relates to client funds on deposit in Hong Kong;
- ~\$600K relates to funds on deposit with the SFC in Hong Kong; and
- ~\$1.2M relates to pre-payment of settlement funds in accordance with the contract for sale of MSL (HK).

The Company has, in respect of the sale of MSL (HK), actively engaged with the Hong Kong SFC in respect of the approval process for the incoming party. SFC approval is anticipated during the September 2017 quarter which will pave the way for settlement of the sale. The Company has no reason to believe that the sale will not proceed.

On settlement the company will be able to utilize the \$1.2M paid during the quarter, as well as the \$600,000 SFC (funds on) deposit. In addition, the final 3rd tranche HKD\$7.1M (~AUD\$1.2M) payable at settlement. This is to be paid into an escrow account until 4 October 2017, after which it is available for the Company’s use.

For further information:

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

Mejority Capital Limited

Phone +61 8 9380 6789

info@mejoritycapital.com.au

info@mejoritycapital.com.au

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 June 2017

Consolidated statement of cash flows		Current quarter	Year to date (12 months)
		\$A'000	\$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	707	2,767
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(83)	(1,388)
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(188)	(823)
	(f) administration and corporate costs	(178)	(1,190)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	18
1.5	Interest and other costs of finance paid	(6)	(29)
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)	(106)	(1,263)
1.9	Net cash from / (used in) operating activities	147	(2,047)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	(3)
	(b) businesses (see item 10)	-	-
	(c) investments	(294)	(340)
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(b) businesses (see item 10)	-	-
	(c) investments	146	146
	(d) intellectual property	-	-
	(e) Commercial property	812	812
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Deposit held – Hong Kong divesture	1,208	1,383
2.6	Net cash from / (used in) investing activities	(1,872)	1,998
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)	(448)	(448)
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	(448)	(448)
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	1,819 ²	3,959
4.2	Net cash from / (used in) operating activities (item 1.9 above)	147	(2,047)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1,872	1,997
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(448)	(448)
4.5	Effect of movement in exchange rates on cash held	(28)	(99)
4.6	Cash and cash equivalents at end of quarter	3,362²	3,362²

²The opening and closing quarter cash balances include cash of \$1,350,000 and \$1,685,000 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	1,677	469
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Cash from discontinued operation	1,685	1,350
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,362	1,819

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	70
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	450 ²
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	150
9.6 Administration and corporate costs	175
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	775

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 July 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.